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FINANCIAL REPORTS AND ACCOUNTS FOR THE YEAR 1973
AND REPORTS OF THE BOARD OF AUDITORS

Report of the Advisory Committee on Administrative and
Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions discussed the report of the Board of Auditors on the accounts of the United Nations Fund for Population Activities for the year ended 31 December 1973 1/ with representatives of the Secretary-General and of the Executive Director of UNFPA.
2. Schedule 5 to the accounts shows that the Fund's 1973 expenditures amounted to \$45.9 million; of that total, \$43.6 million represents expenditure by non-governmental organizations and agencies (including the related administrative overhead) and \$2.3 million is for the Fund's own administration and programme support costs.
3. The Advisory Committee notes that, during the year 1973, the Executive Director of UNFPA was authorized by the Governing Council of the United Nations Development Programme (UNDP) to continue to conduct the Fund's financial operations on a provisional basis under the appropriate Financial Regulations and Rules of UNDP, taking into account the separate identity and character of the Fund. The Fund now operates under its own Financial Regulations and Rules 2/ approved by the Governing Council at its seventeenth session with effect from 1 January 1974. 3/

1/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 7A (A/9607/Add.1), vol. II, sect. IV.

2/ For the report of the Advisory Committee on the UNFPA Financial Regulations and Rules, see document DP/18 of 25 September 1973.

3/ Official Records of the Economic and Social Council, Fifty-seventh Session, Supplement No. 2 (E/5466), para. 202.

4. During the course of the Advisory Committee's consideration of the report of the Board of Auditors, it became apparent that a difference of opinion existed between the Board and the Fund with regard to the application of the concept of the "rolling plan" and annual funding in the operations of the Fund. ^{4/} Some of the difficulties might have arisen because 1973 was a transitional year, during which the Fund did not have its own financial regulations. While not wishing, at this time, to comment on the substance of the disagreement, the Advisory Committee believes that the parties concerned should be able to find a mutually acceptable solution within the framework of the Fund's Financial Regulations and Rules approved by the Governing Council in January 1974. The Committee recommends that efforts to that end be vigorously pursued.

5. The Advisory Committee understands that the recommendation of the Board of Auditors in paragraph 19 of its report that restrictive contributions be shown separately in the financial statements of UNFPA was arrived at after consultation with the Fund and will be implemented in the next financial statement.

6. The Advisory Committee notes the significant shortfall in implementation of UNFPA projects in 1973, referred to in paragraph 20 of the Board's report; the Committee has been informed that measures are being taken by UNFPA to improve the rate of implementation.

7. The Board of Auditors, in its report, makes several comments and recommendations relating to the adequacy of reporting and control and follow-up procedures. The Committee urges UNFPA to institute measures which would strengthen these mechanisms; in particular the Committee attaches importance to the early implementation by UNFPA of the recommendations contained in paragraphs 21, 22 and 25 of the Board's report.

8. As regards paragraph 24 of the Board's report, the Committee understands from representatives of the Executive Director of UNFPA that the Fund has already undertaken follow-up action to secure the submission of expenditure reports by non-governmental organizations.

^{4/} See Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 7A (A/9607/Add.1), vol. II, sect. IV, paras. 13-17.