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Chairman: Mr. G. G. TCHERNOUCHTENKO
(Byelorussian Soviet Socialist Republic).

**TRIBUTE TO THE MEMORY OF MR. ROGER PELTOT,
PRESIDENT OF THE AUDIT OFFICE OF BELGIUM
AND FORMER MEMBER OF THE BOARD OF
AUDITORS**

1. The CHAIRMAN informed the Committee with deep regret of the death of Mr. Roger Peltot, former member of the Board of Auditors and its chairman in 1966 and 1967. On behalf of the Committee and himself, he conveyed his condolences to the Belgian delegation and Mr. Peltot's family.
2. Mr. BANNIER (Chairman of the Advisory Committee on Administrative and Budgetary Questions) wished, on behalf of the Advisory Committee, to associate himself with the expression of sympathy addressed to the Belgian Government and the family of Mr. Peltot. Well-known for his ability, courtesy and diligence, Mr. Peltot had done the most valuable work for the United Nations.
3. Mr. TURNER (Controller), speaking on behalf of the Secretary-General and his colleagues, associated himself with the condolences expressed on the death of Mr. Peltot.
4. Mr. MADDENS (Belgium) thanked the Committee for its expression of sympathy. He would transmit the condolences to Mr. Peltot's family.

AGENDA ITEM 72

Financial reports and accounts for the financial year ended 31 December 1967 and reports of the Board of Auditors (A/7125; A/7206 and Add.1 and Add.1/Corr.1, Add.2, Add.3 and Corr.1, Add.4 and Corr.1, Add.5 and Corr.1; A/7219 and Corr.1)

5. The CHAIRMAN thanked the Russian-speaking delegations for their willingness to examine the financial reports and accounts, although several documents on that subject had not yet been translated into Russian. He hoped that the Secretariat would take the necessary steps to prepare the relevant documentation in all the official languages of the General Assembly.

At the Chairman's invitation, Mr. Sourdis, representative of the Chairman of the Board of Auditors, took a place at the Committee table.

6. Mr. SOURDIS (Board of Auditors) expressed his deep regret at the death of Mr. Roger Peltot whose great qualities he had been able to appreciate personally. He conveyed his most sincere condolences to the Belgian Government and Mr. Peltot's family.

7. He was at the disposal of the Committee and would provide it with any necessary information. The auditors had certified the accounts, having audited them in conformity with the Financial Regulations of the United Nations. The Board was prepared, in accordance with the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and Specialized Agencies, to conduct a more detailed audit in the future, by examining certain critical sectors selected in agreement with the Secretary-General with a view to improving administrative procedures and making operations more efficient. The Board hoped to be able to submit in the near future more detailed reports and to conduct "operational" audits, although at the present time its task was limited to the consideration of facts.

8. Mr. BANNIER (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the report of the Advisory Committee (A/7219 and Corr.1) dealt primarily with the reports of the Board of Auditors on the United Nations and its trust funds and special accounts for the financial year 1967 and it also covered observations made by the Board of Auditors on five special programmes. As during the twenty-second session, the Advisory Committee had consolidated its observations on all those funds and programmes in a single document. The Advisory Committee thanked the Board of Auditors for its reports, its special memorandum and the oral information it had supplied on a great number of points.

9. In connexion with the Board's comments on shortcomings relating to the construction of the United Nations building at Santiago, Chile, the Advisory Committee had made a provisional observation in paragraph 4 of its report, but would return to that issue when it had received a further report from the Secretary-General during the current session on the financial requirements of the building. The issue was not new and the implications of certain arrangements and contracting procedures had been reported before. It was therefore logical that the Board of Auditors should have turned its attention to the problem.

10. As set out in paragraph 5 of its report, the Advisory Committee had brought the comments of the Board of Auditors on the United Nations as a participating and executing agency for the United Nations Development Programme to the attention of the Administrator. The Advisory Committee had now been informed that the issues raised by the Board of Auditors were under active consideration between the United Nations and UNDP.

11. As to the observations of the Board of Auditors on the accounts of the five special programmes, the Advisory Committee was pleased with the interest shown by the Board of Auditors in such matters as the internal audit section of UNICEF, the organization of the Greeting Card Fund and the financial administration of the United Nations Institute for Training and Research.

(g) United Nations (A/7206; A/7219 and Corr.1, paras. 1 to 8)

12. Mr. NASHER (United States of America) said he had noted from the financial report and accounts of the United Nations for 1967 (see A/7206) that there had been a further decrease in the net liquid assets of the Organization. His delegation wished to express its concern over the continued deterioration in the financial position of the Organization with respect to the regular budget, the Special Account of the United Nations Emergency Force and the Ad Hoc Account for the United Nations Operation in the Congo. The continued failure of Governments to fulfil their financial responsibilities progressively weakened the United Nations and its effectiveness in its most vital field of activity.

13. His delegation commended the Board of Auditors for its reports covering the accounts for the financial year ended 31 December 1967. The Board appeared to have followed the recommendation of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies that the Board should comment on the administration and management of the Organization, as well as on financial matters; the Board's substantive comments on the utilization of United Nations resources were a constructive addition to the information available to Member States. His delegation urged the Board to continue to make observations on administrative and management questions in future reports.

14. The United States delegation wished to express its concern over the overpayment of representation allowances and felt that more effective administration was needed of the financial responsibilities of the Secretariat.

15. His delegation was seriously concerned over the mistakes made and the evidence of faulty administrative practices with regard to the construction of the United Nations building at Santiago, Chile. It had noted that many costly irregularities had taken place during construction and that, if the building was to be made truly functional, a sizable future outlay of expenditures would be required. That came as a particular shock in view of the many additional allocations for the building which the General Assembly had been required to make during its construction. His delegation would await the Secretary-General's report before commenting further but it would expect to be assured that there would be no repetition in other construction programmes of the costly errors made in Santiago.

16. The other serious problems encountered and mistakes made which were discussed in the report of the Board of Auditors (A/7206, part II) were further evidence of the need for improved administrative practices. That remark should not be interpreted by the United Nations Secretariat to mean the hiring of additional staff. What was needed was a streamlining of procedures and the more efficient use of staff already available. Approval and implementation of the desk-by-desk survey of staff posts proposed by the Advisory Committee in paragraph 50 of its report^{1/} on the budget estimates for 1969 should provide some assistance in that direction.

17. His delegation had noted that the Advisory Committee had studied in detail the Board's comments and had sought to obtain from the representatives of the Secretary-General additional information on the points in question. It would be of increasing importance that the Advisory Committee should systematically check the Board's report and transmit its findings and recommendations to the General Assembly as the Board dealt increasingly with the more substantive aspects of United Nations operations, especially questions of management.

18. Finally, he supported the recommendations of the Advisory Committee with regard to the substantive comments made in the report of the Board of Auditors.

19. Mr. MEYER PICON (Mexico) reserved his delegation's position on certain passages in document A/7206 concerning the United Nations bond issue, special missions and surpluses in the Special Accounts of UNEF and the Ad Hoc Account for ONUC.

20. Mr. YUNUS (Pakistan), referring to paragraph 3 of the Advisory Committee's report concerning the payment of representation allowances, said that the question was primarily a matter of principle and that the General Assembly should fix a ceiling for the representation allowances paid to Under-Secretaries-General, Assistant Secretaries-General and Directors. The General Assembly should enter separate lines in the budget for that purpose, and care should, of course, be taken to see to it that the ceiling was not exceeded. He had no objection to eliminating the deficit by a transfer of credits between sections, but in future the need for such a procedure should be avoided.

^{1/} Official Records of the General Assembly, Twenty-third Session, Supplement No. 7.

21. With regard to the unfortunate practices mentioned in connexion with the construction of the United Nations building at Santiago, Chile, he hoped that that situation would rapidly be straightened out. The United Nations Secretariat should obviously take into account the Advisory Committee's observations in connexion with future building projects.

22. He noted that the Advisory Committee in paragraph 5 of its report had brought to the attention of the Administrator of UNDP the comments made by the Board of Auditors regarding the irregularities found in the activities of the United Nations as a participating and executing agency for UNDP. He would revert to that subject at a later stage.

23. He believed that the role of the United Nations Internal Audit Service, mentioned in paragraph 8 of the same report, should be strengthened in order to enable it to help the Secretariat on a continuous basis in its administrative work.

24. Mr. SILVEIRA DA MOTA (Brazil) offered his condolences to the Belgian delegation on the occasion of the death of Mr. Roger Peltot.

25. He had read with interest the report of the Secretary-General on the budget performance (A/7125), which was even more informative than the previous year's report.^{2/} He would vote in favour of accepting the financial report and accounts of the United Nations for 1967 and concurred in the relevant observations of the Advisory Committee. He wished, however, to reiterate the reservation that the payment of interest charges on United Nations bonds and the instalments of principal due on the bonds should not be governed by the scale of assessment to the regular budget but should be settled in accordance with criteria set out in resolution 1874 (S-IV) of the General Assembly, or by special arrangements designed to ensure a fair and equal distribution of such charges, particularly in view of the situation of the developing countries.

26. Mr. CZARKOWSKI (Poland) said that the report of the Board of Auditors clearly showed that the Board had made a determined effort to carry out the recommendations of the Ad Hoc Committee of Experts, that is to make such observations as it might deem necessary with respect to the financial consequences of administrative practices. He hoped that the Board's very pertinent observations concerning UNDP and the construction of the United Nations building at Santiago would be taken into account. In that connexion he emphasized that strengthening the role of the bodies which controlled the activities of the United Nations, particularly that of the Board of Auditors, was of great importance, and he was glad to find that the question had been discussed in detail in the Secretary-General's report (A/7125).

27. Mr. TURNER (Controller), replying to the remarks of the representatives of the United States of America and Pakistan with regard to the deficit shown for representation allowances, said that he wished to inform the Committee of all the facts that had already been brought to the attention of the Board of Auditors and the Advisory Committee.

^{2/} *Ibid.*, Twenty-second Session, Annexes, agenda item 80, document A/6666.

28. First of all, it could hardly be said that the allowances had been paid in violation of the provisions of regulation 3.1 (annex I, para. 2) of the Staff Regulations of the United Nations. The General Assembly had never intended to place any very strict budgetary restrictions on the payment of those allowances; the Assembly determined the amount of funds which could be paid under that heading and gave the Secretary-General a free hand in distributing that sum as appropriate, provided that the specified ceiling of \$1,000 per year for Directors was not exceeded.

29. Secondly, appropriations for representation allowances appeared not only in section 6 (Payments under annex I, paragraphs 2 and 3, of the Staff Regulations; hospitality) of the budget but also in section 18 (Office of the United Nations High Commissioner for Refugees), 19 (International Court of Justice), 20 (United Nations Conference on Trade and Development) and 21 (United Nations Industrial Development Organization). It was true that in 1967 there had been an increase in expenditure under section 6, chapter I (Payments under annex I, paragraphs 2 and 3, of the Staff Regulations) but there had also been a decrease in the amount of representation allowances paid under the other sections. The net result was that the total deficit was not \$3,306 but \$500 or \$600. The excess was no doubt regrettable, but it was difficult to determine with any great precision the amount which should be allocated for that purpose.

30. The Pakistan representative's suggestion that the representation allowances paid to Under-Secretaries-General and Assistant-Secretaries-General should be entered on separate lines of the budget from those used for payments to Directors, he did not think that such a step was desirable. In any case, the Secretary-General would take full account of the remarks made on the subject by the Advisory Committee.

31. With regard to the difficulties connected with the construction of the United Nations building at Santiago, he shared the view of the Chairman of the Advisory Committee that the time was perhaps not yet ripe to consider in detail the principles and methods followed in the last few years in connexion with the architecture, management, budget and other aspects of the project. The Chief of the Buildings Management Service had just made an on-site inspection and would submit a report in the very near future on the conclusions reached in his investigation. In any event, the Secretariat could not be held solely responsible for the difficulties and mistakes connected with the construction of that building for the past several years. The problem had also been aggravated by external factors such as inflation, labour problems, natural obstacles and difficulties with the consulting architects and the builders. While the Secretariat might have made some mistakes at times, it could not on those grounds be accused of serious offences or irregularities.

32. Lastly, he endorsed the suggestions that the role of the United Nations Internal Audit Service should be increased. Such an increase required not additional staff but more efficient use of the existing staff. In

the Board of Auditors, the Advisory Committee on Administrative and Budgetary Questions and other bodies exercising budgetary control, the United Nations now had control machinery which might perhaps be improved by streamlining it at some future date but which nevertheless was functioning satisfactorily.

33. Mr. YUNUS (Pakistan) thanked the Controller for his clarifications and said that, in view of the \$1,000 per year ceiling fixed for representation allowances paid to Directors, he saw no reason why it should be difficult to establish separate budgetary appropriations for Directors, on the one hand, and for Under-Secretaries-General and Assistant Secretaries-General on the other. Moreover, since savings had been effected under the head of representation allowances in other sections of the budget, he wondered whether it might be possible to eliminate the deficit shown under section 6 by means of transfers from those sections rather than from sections that had nothing to do with representation allowances, unless, of course, the savings under the heading of allowances in other sections had been utilized to cover some other excess.

34. The CHAIRMAN proposed that the Committee should recommend the General Assembly to adopt the following draft resolution on the financial report and accounts of the United Nations for the financial year ending 31 December 1967 and on the report of the Board of Auditors:

"The General Assembly

"1. Accepts the financial report and accounts of the United Nations for the financial year ended 31 December 1967 and the certificate of the Board of Auditors (A/7206);

"2. Concurs in the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its second report to the General Assembly at its twenty-third session (A/7219 and Corr.1, paras. 1-8)."

The draft resolution was adopted without objection.

(b) United Nations Development Programme (A/7206/Add.1 and Corr.1; A/7219 and Corr.1, paras. 9-11)

At the invitation of the Chairman, Mr. Oiver, representative of the United Nations Development Programme, took a place at the Committee table.

35. Mr. NASHER (United States of America) recalled that during the twenty-second session his delegation had urged that the Board of Auditors should follow the recommendations of the Ad Hoc Committee of Experts to the effect that it should offer comments not only on financial but also on administrative and management practices. To judge from the report now before the Committee, it did not appear that the auditors had gone any further in the application of that recommendation than in the preceding year, notwithstanding the comments made regarding the Vocational Training Centre in Iran, the Technological Research Institute at La Paz, Bolivia, and the Survey of Rock Salt Deposits in Brazil. His delegation therefore again urged expansion of the scope of the work of the auditors in that field.

36. His delegation associated itself with the recommendation of the Advisory Committee, in paragraph 10 of its report to the effect that UNDP should institute a system to assess the usefulness of continuing projects on a periodic basis. In its report, the Advisory Committee had noted the comments of the Board of Auditors, in paragraph 4 of its report, relating to three projects which had been abandoned after a total expenditure of about \$870,000 had been incurred. The Advisory Committee's recommendation was particularly appropriate in view of the fact that the total number of approved projects had been about 778 in 1967, with total earmarkings of about \$770.6 million.

37. Mr. SOURDIS (Board of Auditors) expressed gratification at the comments made by the representative of the United States of America, which were encouraging to the Board in that they indicated regret that the Board's work did not extend to all fields. It was only recently, however, that the General Assembly had approved the recommendations of the Ad Hoc Committee of Experts to that effect, and the Board would not be able to extend the scope of its work until the necessary funds were available. Furthermore, the work in question would have to be carried out sector by sector, and that would take a certain amount of time.

38. Mr. YUNUS (Pakistan) said that the work of UNDP had been considerably expanded and that the Programme was particularly appreciated by the developing countries. However, expenses were increasing in all sectors, including the administrative sector, and every effort must be made to use the available funds to the best advantage. He expressed gratification at the comments of the Board of Auditors and said that the recommendations made by the Advisory Committee on that subject were of the greatest importance. The comments of the Board of Auditors in that regard illustrated the usefulness to the Administration of the expanded functions of audit undertaken by the Board.

39. Mr. OLVER (United Nations Development Programme) said that the Administrator of the Programme was gratified by the efforts made by the Board of Auditors, whose work he hoped would be extended to all fields. The Board's report but feebly reflected the number of meetings and discussions which had been held in order to help UNDP to discharge its administrative responsibilities. The Administrator attached particular importance to the question of project evaluation and the action to be taken on current projects; adjustments had been made in that connexion by the programming services. Much remained to be done to improve the administration of the Programme but it must be realized that the process was not a simple one, owing to the large number of projects undertaken and the problems created by the three-way relationship between UNDP, the participating and executing agencies and the beneficiary Governments.

40. The CHAIRMAN proposed that the Committee should recommend to the General Assembly that it adopt a draft resolution concerning the financial report and accounts of UNDP for the financial year ended 31 December 1967 and the report of the Board of Auditors, reading:

"The General Assembly

"1. Accepts the financial report and accounts of the United Nations Development Programme for the financial year ended 31 December 1967 and the certificates of the Board of Auditors (A/7206/Add.1 and Corr.1);

"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its second report to the General Assembly at its twenty-third session (A/7219 and Corr.1, paras. 9-11)."

The draft resolution was adopted without objection.

(c) United Nations Children's Fund (A/7206/Add.2; A/7219 and Corr.1, paras. 12-15)

At the invitation of the Chairman, Mr. Middelman, representative of the United Nations Children's Fund, took a place at the Committee table.

41. Mr. MIDDELMANN (United Nations Children's Fund) said that it would be easy to take account of the observations of the Board of Auditors concerning the presentation of the Fund's accounts for 1968. The recommendation to strengthen the staff of UNICEF's internal audit section had been fulfilled and the Executive Director would give most careful consideration to the recommendation about the place of that service in the Organization.

42. The question of UNICEF's relationship with the National Committees was a much more delicate matter. In 1966-1967, nineteen National Committees had signed a standard agreement concerning the annual sale of greeting cards and had accepted the guidelines of UNICEF for their other fund-raising efforts. The Executive Director was endeavouring to persuade all the National Committees to do the same. All but one of the recommendations by the United Nations Administrative Management Service had been implemented and the solution to that one was being actively pursued.

43. Mr. SOURDIS (Board of Auditors) said that the Board was the first to acknowledge the efforts made by UNICEF to make its work more effective and, in particular, to remedy certain shortcomings in the functioning of the Greeting Card Fund. Measures adopted to deal with some of these shortcomings concerned the establishment of a committee to advise the Executive Director, broader responsibilities for the European regional office, the increasing use of computers and rationalization of purchases of raw materials. However, there were still many imperfections; several years earlier the Board of Auditors had drawn attention to them and had recommended a thorough study of the administration of the Greeting Card Fund with a view to improving accounting procedures, co-ordination with the National Committees, campaign programming, sales promotion, stock control and financial supervision. Furthermore, in October 1966 the Executive Director of UNICEF had asked the Controller of the United Nations to have a study made on the points raised by the Board of Auditors. The fact that that study, which had been promised on several occasions, had not yet been received, explained the difficulties which the Board had encountered in carrying out a thorough evaluation of the structure and functioning of UNICEF.

44. Mr. YUNUS (Pakistan) expressed surprise that, in paragraph 7 of the report of the Board of Auditors on the UNICEF accounts, certain expenditures for the purchase of permanent equipment that were not covered by the budget had been absorbed by the accumulated surplus account, which was retained as a reserve to be charged with losses arising from damaged or obsolete supplies and with price and freight variances. He wondered if that procedure was exceptional or whether it was normal budget practice of UNICEF. In any case, he believed that to be a case where UNICEF's internal audit section might make use of the expanded function of the audit intended to assist the administration.

45. Mr. NASHER (United States of America) said that his delegation supported the recommendation of the Board of Auditors that the total actual income and expenditures relating to UNICEF's operations and administration all over the world should be presented in a clear and consistent manner. It also supported the recommendations for strengthening UNICEF's internal audit section and agreed that a special effort should be made by UNICEF to conclude signed agreements with each National Committee, which should provide a clear understanding of the rights and obligations of both parties regarding general and greeting card operations. Once those agreements were concluded, UNICEF would be better able to review such matters as the transfer of funds, expenditures incurred and accounting records.

46. He drew attention to the fact that in 1966 almost 50 million cards had been sold in 115 countries and territories and that the net earnings from that operation, or \$3.1 million, had constituted about 7.5 per cent of UNICEF's income in 1966. The Greeting Card Fund had also sold over 450,000 engagement calendars during the same period. His delegation wished to thank the UNICEF staff, the artists from many countries, voluntary groups and others who had contributed to the success of the Greeting Card Fund and UNICEF.

47. Mrs. SORIANO (Philippines) recalled that the International Conference on Human Rights, held at Teheran in 1968, had also been concerned with the rights of the child. It was of the utmost importance that children should have a better life so that, as adults, they would be real exponents of lasting peace in the world. Her delegation was aware of UNICEF's good work in the Philippines for which it expressed its heartfelt gratitude. It hoped that the number of children in the world which UNICEF could reach would continue to increase. Her Government would accept its responsibility for additional UNICEF allocations.

48. Mr. MIDDELMANN (United Nations Children's Fund) referring to the point raised by the representative of Pakistan, said that it was an error which UNICEF deeply regretted.

49. The CHAIRMAN proposed that the Committee should recommend to the General Assembly the adoption of the following draft resolution concerning the financial reports and accounts of UNICEF for the financial year ended 31 December 1967 and the report of the Board of Auditors:

"The General Assembly

"1. Accepts the financial reports and accounts of the United Nations Children's Fund for the financial year ended 31 December 1967 and the certificates of the Board of Auditors (A/7206/Add.2);

"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its second report to the General Assembly at its twenty-third session (A/7219 and Corr.1, paras. 12-15)."

The draft resolution was adopted without objection.

(d) United Nations Relief and Works Agency for Palestine Refugees in the Far East (A/7206/Add.3 and Corr.1; A/7219 and Corr.1, paras. 16-20)

50. Mr. NASHER (United States of America) pointed out that, during the twenty-second session (1179th meeting), the United States representative had expressed the hope that future reports of the agency would classify expenditures according to their object, since such a classification would assist Governments, especially when they had to ask their parliaments for funds for the Agency's programmes. The United States delegation repeated that request, especially since it noted that other United Nations reports classified expenditures in that way. It recognized the advantages of financial reports being presented on a programme basis but it nevertheless felt that additional information on the classification of expenditures according to object offered obvious advantages.

51. The United States delegation agreed with the statement of the Board of Auditors in paragraph 12 of its report (A/7206/Add.3 and Corr.1, sect. B) that the loss of \$456,207 sustained by the assets of the Provident Fund as a result of the devaluation of the pound sterling, should be charged to the Fund's special reserve and not to the gain or loss on exchange account of the Agency.

52. Mr. SOURDIS (Board of Auditors) pointed out to the United States representative that the Board had been informed that the reason why the Commissioner-General of the Agency had not provided the additional information in question was that neither the Advisory Committee, the Fifth Committee nor the General Assembly had instructed him to do so.

53. The CHAIRMAN proposed that the Committee should recommend to the General Assembly the adoption of the following draft resolution concerning the accounts of the Agency for the financial year ended 31 December 1967 and the report of the Board of Auditors:

"The General Assembly

"1. Accepts the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial year ended 31 December 1967 and the certificates of the Board of Auditors (A/7206/Add.3 and Corr.1);

"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its second report to the General

Assembly at its twenty-third session (A/7219 and Corr.1, paras. 16-20)."

The draft resolution was adopted without objection.

(e) United Nations Institute for Training and Research (A/7206/Add.4 and Corr.1; paras. 21 and 22; A/7219 and Corr.1)

At the invitation of the Chairman, Chief S. O. Adebo, Executive Director of the United Nations Institute for Training and Research, took a place at the Committee table.

54. Mr. NASHER (United States of America) welcomed the fact that, for the first time, the accounts of UNITAR had been presented separately. The report of the Board of Auditors (A/7206/Add.4 and Corr.1, part II), however, did not contain any comments on the administrative practices or management of UNITAR and the United States delegation hoped that the Board would follow the recommendation of the Ad Hoc Committee of Experts and extend the scope of its audit so as to include such observations in its report.

55. Mr. SOURDIS (Board of Auditors) said that the Board would be in a position to make such observations when the procedures for operational audit had come into force.

56. Mr. YUNUS (Pakistan) associated himself with the observations made by the representative of the United States of America and said that he hoped the operational audit of accounts would shortly be undertaken.

57. The CHAIRMAN proposed that the Committee should recommend to the General Assembly the adoption of the following draft resolution concerning the financial report and accounts of UNITAR for the financial year ended 31 December 1967 and the report of the Board of Auditors:

"The General Assembly

"1. Accepts the financial report and accounts of the United Nations Institute for Training and Research for the financial year ended 31 December 1967 and the certificates of the Board of Auditors (A/7206/Add.4 and Corr.1);

"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its second report to the General Assembly at its twenty-third session (A/7219 and Corr.1, paras. 21 and 22)".

The draft resolution was adopted without objection.

(f) Voluntary funds administered by the United Nations High Commissioner for Refugees (A/7206/Add.5 and Corr.1; A/7219 and Corr.1, paras. 23 and 24)

At the invitation of the Chairman, Mr. Bender, United Nations High Commissioner for Refugees, took a place at the Committee table.

58. Mr. NASHER (United States of America) pointed out that at the 1179th meeting of the Fifth Committee, during the twenty-second session, the United States representative had suggested that the scope of the audit should be broadened so that the auditors could include more substantive comments, particularly at a time when refugee work was extremely important.

He had expressed the hope that in the future the accounts would include a statement showing expenditure by object or type and by country or region. He had also asked that the figures for previous financial years should be given for purposes of comparison.

59. The United States delegation was pleased to see that the statement for the current session contained much of the information which had been requested as well as some particularly interesting statistical data on the financial and operational activities of the High Commissioner's Office from 1963 to 1967. It also noted with satisfaction that the Board of Auditors had broadened the scope of its comments and that the report (A/7206/Add.5 and Corr.1, sect. B) which it had submitted was clear and contained very useful additional information.

60. Finally, the United States delegation wished to express its concern over the unsatisfactory position of the repayment of the loans in Greece and would like to have some clarification on that point.

61. Mr. JERE (Zambia) said that he wished to draw attention to countries which, like Zambia, received refugees in their territory and experienced great difficulties in providing them with the assistance they needed.

62. Mr. BENDER (Office of the United Nations High Commissioner for Refugees) explained, for the benefit of the representative of the United States of America, that the loan operations in Greece were a very delicate problem, the solution of which did not depend solely on the High Commissioner's Office. Under agreements concluded with the Greek Government, it was that Government which, with the help of funds placed at its disposal by the High Commissioner's Office, granted loans to refugees to enable them to find housing or set up small businesses. When it had been reimbursed, the Greek Government would in turn reimburse the High Commissioner's Office. Unfortunately, there had been delays in the preparation of final loan bonds, although bonds had been issued provisionally in many cases.

63. As for the establishment of a special fund to be created from interest (2 per cent) payments made by the refugees to finance the collection expenses of the repayments, the Greek Government had taken measures which gave grounds for hope that the fund would shortly be established. The same applied to the arrangements for the establishment of a uniform

repayment rate as recommended by the External Audit. Lastly, the Greek Government also intended to take stronger measures with regard to refugees who did not repay the loans which had been granted to them.

64. The CHAIRMAN proposed that the Committee should recommend to the General Assembly the adoption of the following draft resolution concerning the accounts relating to the voluntary funds for the financial year ended 31 December 1967 and the report of the Board of Auditors:

"The General Assembly

"1. Accepts the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees for the financial year ended 31 December 1967 and the certificates of the Board of Auditors (A/7206/Add.5 and Corr.1);

"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its second report to the General Assembly at its twenty-third session (A/7219 and Corr.1, paras. 23 and 24)."

The draft resolution was adopted without objection.

65. Mr. SOURDIS (Board of Auditors) thanked the members of the Committee, and particularly those who had spoken, for the interest they had shown in the various reports prepared by the Board of Auditors. It appeared from the statements which had been made that the prevailing opinion of the Fifth Committee was that the Board should, on the one hand, endeavour to go further in its task and, on the other hand, extend the scope of its audit at the operational level. While the auditors agreed that their work should take such a direction, the fact was that such a course came up against two restrictions, one of which was of a legal nature, since the Board could not exceed its mandate, and the other of a budgetary nature, since the cost of audit procedures continued to increase. In order to meet the wishes of the Fifth Committee, the ideal course would be to carry out an audit of the accounts before, during and after the operations which were subject to audit. The Board of Auditors would bear in mind the suggestions made during the discussion as far as it could, but it should be understood that it could only verify the facts and not anticipate them.

The meeting rose at 12.55 p.m.