

**UNITED NATIONS  
DEVELOPMENT  
PROGRAMME**

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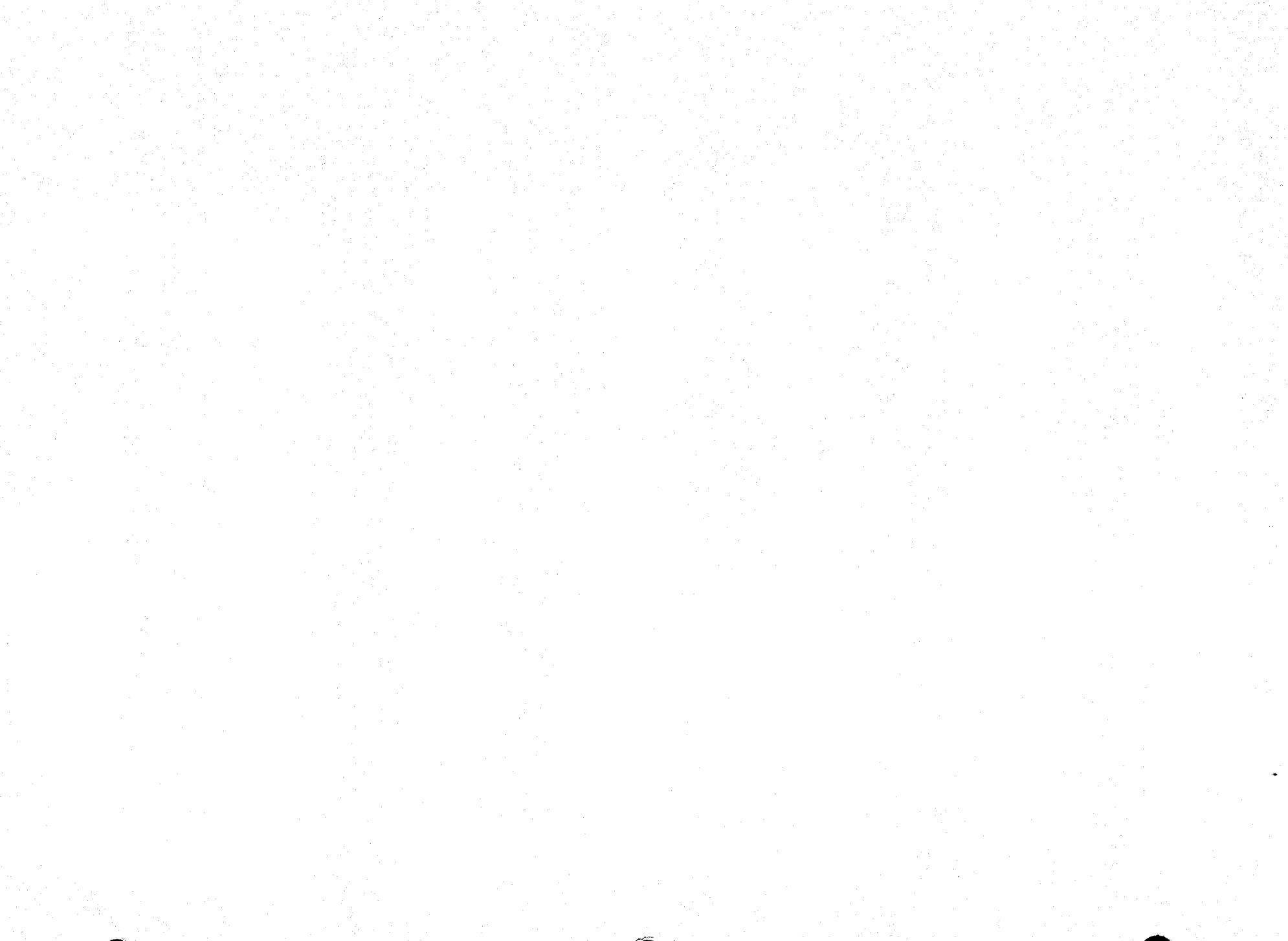
GOVERNING COUNCIL  
Twenty-seventh session  
June 1980  
Agenda item 10(j)

**FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS****AUDIT REPORTS****Summary**

This document contains the audited accounts and audit reports of the Participating and Executing Agencies relating to funds allocated to them by UNDP as at 31 December 1978, together with an explanatory note by the Administrator.

The note by the Administrator includes a summary of the action taken by UNDP and the Panel of External Auditors following the Governing Council's decision taken at its twenty-sixth session (decision 79/47) requesting the Administrator to consult the External Auditors regarding topics to be covered in future audit reports and regarding possibilities of providing the Council with the views of the External Auditors in a more timely fashion.<sup>1/</sup>

1/ See Official Records of the Economic and Social Council, 1979, Supplement No. 10, (E/1979/40), chapter XXI.



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Note by the Administrator

1. The audited accounts of the Participating and Executing Agencies, relating to funds allocated to them by UNDP as of 31 December 1978, are contained in this document. The summary of the status of funds of the Participating and Executing Agencies, as at 31 December 1978, is also contained in this document.
2. The amounts reported in the UNDP Financial Report and Accounts for the year ended 31 December 1978<sup>2/</sup> are based on the unaudited accounts of the Participating and Executing Agencies. Any adjustments introduced in the audited accounts of the Participating and Executing Agencies, after the preparation of the UNDP Financial Statements, are reflected in this document and the differences relating to income or expenditure can be summarized as follows:
  - (a) The audited accounts of the International Bank for Reconstruction and Development (World Bank) show an increase of \$201,933 in miscellaneous income;
  - (b) The audited accounts of the Caribbean Development Bank show:
    - (i) A decrease of \$312 in miscellaneous income; and
    - (ii) An increase of \$21,000 in project expenditure.
3. Adjustments for the above differences have been made in the UNDP Financial Statements for the year ended 31 December 1979.
4. At its twenty-sixth session, the Governing Council requested the Administrator "to consult the External Auditors with a view to including in future audit reports of observations on: (a) financial planning and control mechanisms; (b) ways of improving reporting to decision-making bodies; (c) management controls, including evaluation systems; (d) electronic data processing systems;" and "to consult the External Auditors on possibilities of providing the Council with audit reports on the previous year at the Council's regular session each year, or, by other means, to convey the views of the Auditors to the Council in a more timely fashion than is the case at present, and to report to the Council at the twenty-seventh session on the result of these consultations."<sup>3/</sup>
5. Accordingly, at the request of the Administrator, these matters were discussed by the Panel of External Auditors at its twenty-first session held in October 1979. The outcome of these discussions was communicated to the Administrator in a letter dated 17 December 1979 from the Chairman of the Panel.

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<sup>2/</sup> Official Records of the General Assembly, Thirty-third Session, Supplement No. 5A (A/34/5/Add.1).

<sup>3/</sup> Official Records of the Economic and Social Council 1979, Supplement No. 10, (E/1979/40), chapter XXI, decision 79/47.

6. With respect to the Council's request regarding the content of future audit reports, the Chairman's letter states: "In their discussions, Panel members made it clear that it was their practice or their intention to cover such matters in their audit, but that in their reports they would prefer to mention only matters which needed correction or further consideration. They did not consider it necessary to report in a routine fashion on matters which required no action. If the UNDP Governing Council are given the assurance that the specific matters they refer to in their decision 79/47 are or will be covered in the course of audit, then the Panel hopes that the Council will agree that audit reports need normally only refer to matters requiring their attention."

7. With respect to the Council's request regarding the timing of future audit reports, the Chairman's letter states: "...the Panel did not see any prospect of making audit reports available earlier. The reports cannot normally precede the submission for audit of the relevant financial statements nor be finalized until comments are received from the audited bodies. Where audit observations are of a significant nature, relating not only to financial but also to operational matters of interest to the UNDP Governing Council, it is not to be expected that audit reports can be cleared quickly. Further, having regard to the time required for the processing of the documents containing the auditors' reports, the Panel considered it unlikely that all audit reports relating to a financial period could be made available to the Governing Council at their next following session if this is held in June each year."

8. The Administrator has noted the views of the Panel on both issues. With respect to the Council's wish that the views of the External Auditors be reported to it in as timely a fashion as is possible, he will, of course, be alert for possible improvements in this respect.

UNITED NATIONS DEVELOPMENT PROGRAMME

Summary of the Status of Funds Submitted by the Participating and Executing Agencies  
as at 31 December 1978 (expressed in US dollars)

	United Nations	UNIDO	UNCTAD	ECA	ESCAP	ECE	ECLA	ECWA	ILO	FAO	UNESCO	ICAO	WHO
<b>Operating Fund</b>													
Balance at 1 January 1978	(6,875,562)	(6,154,501)	(2,177,865)	(290,642)	(39,596)	-	-	(153,075)	(571,097)	(9,857,501)	(3,583,006)	(3,034,667)	4,034,598
Add: Cash drawings from UNDP	26,534,274	36,554,218	7,852,574	1,112,917	3,144,429	-	571,000	380,046	31,886,797	65,747,803	20,646,567	14,532,125	9,039,337
IOV and other charges (net)	38,228,514	9,512,505	4,369,623	639,845	566,865	17,341	1,180,796	306,031	11,020,234	50,826,652	13,882,991	5,610,837	4,810,643
Miscellaneous income and exchange adjustments (net)	418,382	739,116	25,389	-	2,998	-	-	1,000	110,154	397,010	162,407	41,017	(53,143)
Miscellaneous items refunded to (by) UNDP (net)	160,053	78,800	10,678	59,296	-	-	180	-	(18,854)	67,671	20,384	(66,595)	25,820
	<u>58,465,661</u>	<u>40,730,138</u>	<u>10,080,399</u>	<u>1,521,416</u>	<u>3,674,696</u>	<u>17,341</u>	<u>1,751,976</u>	<u>534,002</u>	<u>42,427,234</u>	<u>107,181,615</u>	<u>31,129,343</u>	<u>17,082,717</u>	<u>17,897,255</u>
Deduct: Expenditure during 1978 for projects	64,657,424	42,466,539	9,458,469	2,373,776	3,172,824	18,753	1,100,079	342,410	38,215,270	113,424,359	33,425,585	26,369,175	14,397,743
for programme support costs	8,810,073	5,917,499	1,510,000	324,027	342,486	-	154,011	47,937	5,295,584	15,408,668	4,653,779	3,683,474	2,000,593
	<u>73,467,497</u>	<u>48,384,038</u>	<u>10,968,469</u>	<u>2,697,803</u>	<u>3,515,310</u>	<u>18,753</u>	<u>1,254,090</u>	<u>390,347</u>	<u>43,510,854</u>	<u>128,833,027</u>	<u>38,079,364</u>	<u>30,052,649</u>	<u>16,398,336</u>
Balance as at 31 December 1978	<u>(15,001,836)</u>	<u>(7,653,900)</u>	<u>(888,070)</u>	<u>(1,176,387)</u>	<u>159,386</u>	<u>(1,412)</u>	<u>497,886</u>	<u>143,655</u>	<u>(1,083,620)</u>	<u>(21,651,412)</u>	<u>(6,950,021)</u>	<u>(12,969,932)</u>	<u>1,458,919</u>
<b>Represented by:</b>													
Cash at bank, on hand and in transit	6,738,023	7,167,070	638,961	-	503,267	-	-	89,256	20,927,561	8,022,727	1,283,204	1,127,738	-
Accounts receivable	3,146,928	2,872,476	1,234,411	-	324,933	6,838	604,709	90,394	6,435,957	4,121,513	1,279,636	1,124,369	1,458,919
	9,884,951	10,039,546	1,873,372	-	828,200	6,838	604,709	179,650	27,363,518	12,144,240	2,562,840	2,252,107	1,458,919
Deduct: Accounts payable	7,566,989	5,065,289	1,418,098	680,352	290,514	5,470	-	4,211	21,222,032	9,859,284	2,131,917	2,287,237	-
1978 Unliquidated Obligations	17,319,798	12,628,157	1,343,344	496,035	378,300	2,780	106,823	31,784	7,225,106	23,936,368	7,380,944	12,934,802	-
	<u>24,886,787</u>	<u>17,693,446</u>	<u>2,761,442</u>	<u>1,176,387</u>	<u>668,814</u>	<u>8,250</u>	<u>106,823</u>	<u>35,995</u>	<u>28,447,138</u>	<u>33,795,652</u>	<u>9,512,861</u>	<u>15,222,039</u>	<u>-</u>
Balance as above	<u>(15,001,836)</u>	<u>(7,653,900)</u>	<u>(888,070)</u>	<u>(1,176,387)</u>	<u>159,386</u>	<u>(1,412)</u>	<u>497,886</u>	<u>143,655</u>	<u>(1,083,620)</u>	<u>(21,651,412)</u>	<u>(6,950,021)</u>	<u>(12,969,932)</u>	<u>1,458,919</u>

a/ The above statement is a summary of the individual financial statements submitted by the Participating and Executing Agencies and does not represent a consolidated statement in accordance with normal accounting procedures.

b/ The accounts of UNDP as an Executing Agency for its projects form part of the UNDP Financial Report and Accounts for the year ended 31 December 1978, Statement VI of document Supplement No. 5A (A/34/5/Add.1) presented to the General Assembly at its thirty-fourth session.

c/ This summary incorporates information contained in the interim financial statements of United Nations, UNIDO, UNCTAD, ECA, ESCAP, ECE, ECLA and ECWA for the twelve-month period ended 31 December 1978 of the biennium 1978-79. Audit reports and certificates in respect of these organizations will only be issued at the end of the biennium, when these accounts are formally closed.

d/ The figures shown in respect of projects executed by Governments represent the total transactions of 4 projects executed by 3 Governments for which audit certificates, but not audit reports, have been received.

## UNITED NATIONS DEVELOPMENT PROGRAMME

 Summary of the Status of Funds Submitted by the Participating and Executing Agencies (Cont'd)  
 as at 31 December 1978 (expressed in US dollars)

	World Bank	UPU	ITU	WMO	IMCO	WIPO	IAEA	WTO	AFESD	ASDB	IDB	GOVERN- MENTS	SUBTOTAL	UNDP	TOTAL
<b>Operating Fund</b>															
Balance at 1 January 1978	233,148	279,554	2,081,289	(86,724)	194,557	(28,770)	(342,534)	(9,677)	166,397	138,725	(140,645)	23,578	(26,194,016)	(2,223,053)	(28,417,069)
Add: Cash drawings from UNDP	17,948,251	742,561	13,705,000	5,108,634	1,161,415	28,770	2,172,000	68,348	-	754,000	200,000	593,803	260,484,869	33,209,245	293,694,114
I/OV and other charges (net)	(51,559)	806,096	5,408,361	3,333,544	610,429	21,660	1,322,451	26,133	-	46,545	225,337	11,110	152,732,964	-	152,732,964
Miscellaneous income and exchange adjustments (net)	57,094	77,530	121,201	84,468	38,705	-	14,179	-	-	-	-	(312)	2,237,195	4,586	2,241,781
Miscellaneous items refunded to (by) UNDP (net)	-	11,181	35,955	14,485	-	-	966	-	-	-	(506)	-	399,512	218,104	617,616
	18,186,934	1,916,922	21,351,804	8,454,407	2,005,106	21,660	3,167,062	84,804	166,397	939,270	284,186	628,179	389,660,524	31,208,882	420,869,406
Deduct: Expenditure during 1978 for projects	16,393,639	1,303,647	16,179,729	7,758,821	1,988,073	46,342	3,204,614	64,588	607,545	850,952	527,411	612,277	399,160,044	36,459,984	435,620,028
for programme support costs	1,543,538	410,000	2,260,129	1,631,615	434,030	10,659	867,371	9,042	85,056	119,133	73,838	-	55,592,542	2,434,739	58,027,281
	17,937,177	1,913,647	18,439,858	9,390,436	2,422,103	57,001	4,071,985	73,630	692,601	970,085	601,249	612,277	454,752,586	38,894,723	493,647,309
Balance as at 31 December 1978	249,757	3,275	2,911,946	(936,029)	(416,997)	(35,341)	(904,923)	11,174	(526,204)	(30,815)	(317,063)	15,902	(65,092,062)	(7,685,841)	(72,777,903)
<b>Represented by:</b>															
Cash at bank, on hand and in transit	2,760,467	162,334	3,419,235	1,095,277	294,241	-	43,386	15,399	-	103,631	328,408	137,596	54,857,781	-	54,857,781
Accounts receivable	734,377	65,394	711,003	309,018	109,046	1,236	29,221	11,670	-	286,386	4,032	22,816	24,985,282	-	24,985,282
	3,494,844	227,728	4,130,238	1,404,295	403,287	1,236	72,607	27,069	-	390,017	332,440	160,412	79,843,063	-	79,843,063
Deduct: Accounts payable	991,517	24,345	1,218,292	380,083	278,030	27,577	221,316	9,762	526,204	89,646	410,349	63,815	54,772,329	-	54,772,329
1978 Unliquidated Obligations	2,253,570	200,108	-	1,960,241	542,254	9,000	756,214	6,133	-	331,186	239,154	80,695	90,162,796	7,685,841	97,848,637
	3,245,087	224,453	1,218,292	2,340,324	820,284	36,577	977,530	15,895	526,204	420,832	649,503	144,510	144,935,125	7,685,841	152,620,966
Balance as above	249,757	3,275	2,911,946	(936,029)	(416,997)	(35,341)	(904,923)	11,174	(526,204)	(30,815)	(317,063)	15,902	(65,092,062)	(7,685,841)	(72,777,903)

Notes: a/ The above statement is a summary of the individual financial statements submitted by the Participating and Executing Agencies and does not represent a consolidated statement in accordance with normal accounting procedures.

b/ The accounts of UNDP as an Executing Agency for its projects form part of the UNDP Financial Report and Accounts for the year ended 31 December 1978, Statement VI of document Supplement No. 5A (A/34/5/Add.1) presented to the General Assembly at its thirty-fourth session.

c/ This summary incorporates information contained in the interim financial statements of United Nations, UNIDO, UNCTAD, ECA, ESCAP, ECT, ECLA and ECWA for the twelve-month period ended 31 December 1978 of the biennium 1978-79. Audit reports and certificates in respect of these organizations will only be issued at the end of the biennium, when these accounts are formally closed.

d/ The figures shown in respect of projects executed by Governments represent the total transactions of 4 projects executed by 3 Governments for which audit certificates, but not audit reports, have been received.

TECHNICAL CO-OPERATION ACTIVITIES EXECUTED BY THE UNITED NATIONS, UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION,  
 UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT AND THE UNITED NATIONS REGIONAL COMMISSIONS  
 COMBINED STATUS OF FUNDS AS AT 31 DECEMBER 1978  
 (EXPRESSED IN UNITED STATES DOLLARS)

	United Nations	UNIDO	UNCTAD	Regional Commissions					Total
				Africa	Asia and the Pacific	Europe	Latin America	Western Asia	
<b>II. Statement of income and expenditure for the twelve-month period of the biennium 1978-1979 ended 31 December 1978</b>									
Income: Funds allocated	198 460 906	74 451 444	18 676 375	4 375 118	9 355 972	220 000	3 965 620	857 341	310 362 776
<b>Expenditure:</b>									
Salaries and common staff costs	53 851 757	23 180 547	7 530 767	2 917 589	4 293 295	110 131	2 866 580	553 695	95 304 361
Travel	1 818 157	360 016	874 339	639 980	514 213	25 281	205 283	27 702	4 464 971
Contractual services	6 509 538	6 685 234	194 101	19 411	-	10 491	82 303	-	13 501 078
Operating expenses	3 324 639	670 628	254 013	192 503	190 640	7 637	230 411	2 821	4 873 292
Acquisitions	18 809 399	13 620 513	561 221	71 511	254 120	-	135 576	-	33 452 340
Fellowships	11 563 217	3 521 147	1 783 777	168 462	1 846 880	-	374 769	16 296	19 274 548
Administrative overhead	12 038 126	5 857 996	1 689 037	376 794	824 862	-	359 049	51 785	21 197 649
Total expenditure	107 914 833	53 896 081	12 887 255	4 386 250	7 924 010	153 540	4 253 971	652 299	192 068 239
Excess of income over expenditure	90 546 073	20 555 363	5 789 120	(11 132)	1 431 962	66 460	(288 351)	205 042	118 294 537
	(Schedule 14.1)	(Schedule 14.2)	(Schedule 14.3)	(Schedule 14.4)	(Schedule 14.5)	(Schedule 14.6)	(Schedule 14.7)	(Schedule 14.8)	

a/ This amount represents funds available for unimplemented approved projects.



TECHNICAL CO-OPERATION ACTIVITIES EXECUTED BY THE UNITED NATIONS, UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION,  
 UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT AND THE UNITED NATIONS REGIONAL COMMISSIONS  
 COMBINED STATUS OF FUNDS AS AT 31 DECEMBER 1978  
 (EXPRESSED IN UNITED STATES DOLLARS)

	United Nations	UNIDO	UNCTAD	Regional Commissions					Total
				Africa	Asia and the Pacific	Europe	Latin America	Western Asia	
<b>I. Statement of assets, liabilities and unencumbered fund balance</b>									
<b>Assets</b>									
Cash	18 473 006	14 158 308	2 018 785	-	4 467 530	-	173 203	383 464	39 674 296
Investments	-	-	-	-	-	-	200 000	-	200 000
Accounts receivable	1 595 763	2 063 032	1 174 847	-	630 390	16 187	800	2 669	5 483 688
Receivable for excess of expenditure over funds provided	18 335 876	7 653 900	888 070	1 176 387	-	1 412	-	-	28 055 645
Deferred charges and other assets	1 722 788	530 828	117 150	-	-	-	-	-	2 370 766
Unspent allocations	223 673 595	84 291 036	18 295 500	793 859	882 477	56 247	50 110	114 167	328 156 991
Interfund balances receivable	915 567	580 531	-	-	-	-	-	-	1 496 098
Due from United Nations General Fund	2 115 695	180 211	161 780	597 205	-	864	604 709	90 394	3 750 858
<b>Total assets</b>	<b>266 832 290</b>	<b>109 457 846</b>	<b>22 656 132</b>	<b>2 567 451</b>	<b>5 980 397</b>	<b>74 710</b>	<b>1 028 822</b>	<b>590 694</b>	<b>409 188 342</b>
<b>Liabilities and unencumbered fund balance</b>									
<b>Liabilities</b>									
Accounts payable	5 127 744	3 709 696	974 586	345 790	315 713	5 470	-	4 211	10 483 210
Unliquidated obligations	27 173 319	13 336 561	1 569 150	744 509	1 563 431	2 780	253 494	33 100	44 676 344
Interfund balances payable	915 567	580 531	-	-	-	-	-	-	1 496 098
Due to United Nations General Fund	4 468 761	1 725 582	477 998	354 589	-	-	152 888	2 983	7 182 801
Operating fund	-	-	-	-	159 386	-	497 886	143 655	800 927
<b>Total liabilities</b>	<b>37 685 391</b>	<b>19 352 370</b>	<b>3 021 734</b>	<b>1 444 888</b>	<b>2 038 530</b>	<b>8 250</b>	<b>904 268</b>	<b>183 949</b>	<b>64 639 380</b>
<b>Unencumbered fund balance</b>									
Balance available 1 January 1978	138 600 826	69 550 113	13 845 278	1 133 695	2 509 905	-	412 905	201 703	226 254 425
Add: Excess of income over expenditure (see below)	90 546 073	20 555 363	5 789 120	(11 132)	1 431 962	66 460	(288 351)	205 042	118 294 537
Balance available 31 December 1978 <u>a/</u>	229 146 899	90 105 476	19 634 398	1 122 563	3 941 867	66 460	124 554	406 745	344 548 962
Total liabilities and unencumbered fund balance	266 832 290	109 457 846	22 656 132	2 567 451	5 980 397	74 710	1 028 822	590 694	409 188 342

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITOR ON THE STATEMENT SHOWING  
AS AT 31 DECEMBER 1978 THE STATUS OF FUNDS ADVANCED TO THE  
INTERNATIONAL LABOUR ORGANISATION  
BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

General

1. The Statement and supporting schedule relating to the participation of the International Labour Organisation in the United Nations Development Programme are in the form prescribed by UNDP for 1978. My examination of them has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organisation. I have also examined the relevant reports of Internal Audit.

Statement I

2. Statement I shows the resources made available to the Organisation for the United Nations Development Programme, the expenditure incurred by the ILO during 1978 on goods and services for projects and on overheads at agreed rates; and the balance of funds held by the ILO at 31 December 1978.

3. The expenditure comprises disbursements and unliquidated obligations. The control over expenditure is through project budgets which are phased by years over the duration of each project and are revised annually when year end project delivery information becomes available. They are also revised when either the scope of the project or the phasing of expenditure is changed. UNDP allow Agencies to incur expenditure exceeding the annual tranche of the approved budget by a limited amount. Contractual commitments to be charged against future budgets have been reported separately to UNDP.

4. Costs of experts' services are classified into two categories. Salary and other costs associated with service at the duty station (Category I) are charged direct to projects. Allowances etc. which depend on the personal circumstances of the expert (Category II) are charged to projects at an average rate based on costs incurred by the Agency during the year. For fellowships, projects are charged with actual costs.

5. Statement I is supported by Schedule 1 showing the expenditure charged to projects in each country and region during 1978.

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6. I wish to record my appreciation of the willing co-operation of the officers of the Organization during my audit.

(Signed) D. O. HENLEY  
Comptroller and Auditor General, United Kingdom  
External Auditor

UNITED NATIONS DEVELOPMENT PROGRAMME  
INTERNATIONAL LABOUR ORGANISATION  
STATUS OF FUNDS AS AT 31 DECEMBER 1978  
(Expressed in US Dollars)

OPERATING FUND

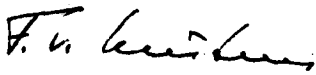
Balance as at 1 January 1978		( 571 097)
Add: Cash drawings from UNDP		31 886 797
IOVs and other charges (net)		11 020 234
Miscellaneous income and exchange adjustments (net)		110 154
		<u>42 446 088</u>
Deduct: Expenditure during 1978 - Schedule 1		
For projects	38 215 270	
For overheads	5 295 584	
	<u>43 510 854</u>	43 510 854
Miscellaneous items charged to UNDP (net)	18 854	18 854
Balance as at 31 December 1978		<u><u>(1 083 620)</u></u>

Represented by:

Cash at banks, on hand and in transit		20 927 561
Accounts receivable		6 435 957
		<u>27 363 518</u> <sup>1)</sup>
Deduct: Accounts payable	21 222 032	
1978 Unliquidated Obligations	7 225 106	
	<u>28 447 138</u>	<u>(1 083 620)</u>

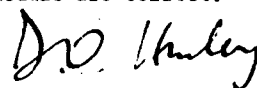
1) Includes \$ 15,484,422 in respect of other technical cooperation activities financed from external sources.

Certified Correct:

  
F. von Mutius  
Chief  
Budget and Finance Branch


Audit Certificate:

I have examined the above Statement and related Schedule. I have obtained all the information and explanations that I have required, and I certify, as a result of the audit, that in my opinion the above Statement and related Schedule are correct.

  
D.O. Henley  
(Comptroller and Auditor  
General, United Kingdom)  
External Auditor

Approved:

For the Director-General,  
International Labour Office:

  
P.M.C. Denby  
Treasurer and Financial  
Comptroller

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITOR ON THE STATEMENT SHOWING  
AS AT 31 DECEMBER 1978 THE STATUS OF FUNDS ADVANCED TO THE  
FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS  
BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

General

1. The Statement and supporting Schedule relating to the participation of the Food and Agriculture Organization of the United Nations in the United Nations Development Programme are in the form prescribed by UNDP for 1978. My examination of them has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organization. I have also examined the relevant reports of Internal Audit.

Statement I

2. Statement I shows the resources made available to the Organization for the United Nations Development Programme; the expenditure incurred by FAO during 1978 on goods and services for projects and on overheads at agreed rates; and the balance of funds held by FAO at 31 December 1978.

3. The expenditure comprises disbursements and unliquidated obligations. The control over expenditure is through project budgets which are phased by years over the duration of each project and are revised annually when year end project delivery information becomes available. They are also revised when either the scope of the project or the phasing of expenditure is changed. UNDP allow Agencies to incur expenditure exceeding the annual tranche of the approved budget by a limited amount. Contractual commitments to be charged against future budgets have been reported separately to UNDP.

4. Statement I is supported by Schedule 1 showing the expenditure charged to projects in each country and region during 1978.

Livestock Development Project

5. A project agreement for a programme of livestock development was signed in July 1975. It called for the expenditure of \$458,000 by UNDP and the equivalent of \$172,000 by the government concerned including the provision of personnel services amounting to 368 man-months. The project was to start in October 1975 and take three years to complete. Subsequent revision increased the amount of the UNDP contribution to \$480,414. The project's main long-term objectives were: (a) to prepare for the establishment of a system of

planned development of animal production; (b) to increase the availability of animal products and improve human diet; and (c) to expand exports of animal products and thus improve the external trade balance. By 31 December 1978 expenditure from UNDP funds amounted to \$383,096, but the government's counterpart staff contribution totalled less than 10 man-months.

6. The start of the project was delayed because of difficulties in recruiting a suitable project manager. The manager eventually arrived at the project in February 1977. In his first two six-monthly progress reports covering the period to 31 March 1978, he said that project implementation had been affected by various factors including the late arrival of staff and the failure of the government to provide counterpart staff, sufficient financial and administrative support and adequate information on matters relevant to the project. He further reported that the national director nominated by the government was giving insufficient time to the project and that contacts with other government staff remained inadequate.

7. The project manager made changes in the work plan to meet the situation created by these problems and introduced technical sub-projects intended to provide the framework for achieving the broad policy objectives. Of the six sub-projects approved by the government up to March 1978, one had been cancelled and another transferred to a different area because of lack of co-operation by local institutions, a third had been discontinued and a fourth had achieved nothing of importance. Nevertheless the project manager recommended in his second report that the project should be extended and expanded. The Organization told me that the sub-projects were intended to be implemented as a package of pilot schemes in a particular area and that the methodology would subsequently be extended to other areas. However, the authorities in the first area chosen could not be persuaded to implement the pilot schemes, so the package was transferred to another area and resulted in proposals for preparing a regional investment plan.

8. My staff observed that the project had originally been designed in 1973 to support the recipient country's livestock development policy but that this policy was retracted in September 1974 following a change of government and the declaration of a state of economic crisis which removed the prospect of cheap credit and thus the stimulus for expansion. The new government had signed the agreement in 1975 but in February 1978; because of the lack of progress and doubts about the appropriateness of the sub-projects to a well-defined government policy, FAO decided to send an evaluation mission to appraise the project after further government elections had been held later that year.

9. I asked the Organization whether they had reviewed the project following the change of government in 1974 to determine whether it remained relevant to the country's changed livestock development policy, and whether, in view of the government's failure to meet its commitments or to display active interest in the project, the Organization had considered terminating or modifying the

project to avoid further expenditure on work of doubtful value. The Organization replied that, when the final version of the project document was prepared in April 1975 by an FAO specialist in collaboration with government officials, neither the government nor UNDP had suggested that it was not still relevant to the government's requirements and in 1976 the director of the counterpart agency had confirmed the government's continuing interest in the project. FAO had subsequently taken up the question of the government's participation on various occasions with the UNDP Resident Representatives, the Minister of Agriculture and the director of the counterpart agency. In addition, a senior FAO officer visiting the country in 1977 had expressed FAO's serious concern to the Minister of Agriculture and to senior officials but had been assured of the government's interest in the project and of forthcoming improvements in the counterpart contributions. The decision to send the evaluation mission followed early in 1978.

10. The mission, consisting of one representative from the government, one from UNDP and two from FAO, made their visit in November 1978 and reported the same month. They considered that the original project agreement had been imprecise about the immediate objectives and activities which seemed over-ambitious in relation to available resources. They thought that the subsequent change of emphasis from support for a national system of planning and programming to local development activities involving specific sub-projects had helped to move the project in a more fruitful direction. The new approach had been endorsed by the government counterpart agency and had aroused great interest in other institutions concerned. The mission considered that the results so far obtained indicated the existence of solid bases for consolidating and expanding the project. They therefore recommended that project activities should be further decentralised and that the long-term objective should be to achieve co-ordination between the various institutions concerned with livestock, with a view to preparing and implementing a national livestock policy derived from experience gained initially region by region. To this end, they also recommended that the project should be extended for two years. The Organization informed me that the government's initial reaction to these recommendations had been positive and that FAO, in collaboration with Government officials, had subsequently prepared amended project plans, incorporating the mission's recommendations.

11. It is regrettable that deficiencies in the planning of the original project and lack of co-operation by the government and local institutions have led to the results so far achieved being small in relation to the substantial expenditure incurred. I note that the revised approach involving decentralisation of project activities which the project manager initiated and the evaluation mission endorsed as more appropriate to the circumstances has not so far resulted in the government and local institutions providing adequate support. I trust that, before any extension of the project is fully approved, explicit assurances will be obtained from the government that their envisaged support will be forthcoming as planned. I further suggest that continuation of

the project should be reviewed if satisfactory progress towards the new objectives is not made or if doubts arise as to the relevance of the new objectives to the government's current development policies. Generally, I recommend that in formulating new or extended projects, UNDP and executing agencies should take account of the adequacy of government contributions to existing projects as a measure of the government's capability or willingness to provide the necessary support for the new projects or extensions.

#### Monitoring and Review of UNDP-Assisted Projects

12. As part of their management responsibility for UNDP-assisted projects, executing agencies are expected to carry out regular monitoring of the projects, in order to identify shortcomings and point to necessary corrective action. For projects lasting more than 12 months, project managers or experts are called upon to submit progress reports every six months. On the basis of these reports, each project should be reviewed jointly by the executing agency, UNDP and the recipient government. The reviews should be held at least annually where the UNDP contribution to the project is more than \$150,000.

13. Following interagency discussions on proposals for improving the reporting arrangements on UNDP-assisted projects, a Working Group was established in FAO in 1976 to draw up a policy for project reporting and to define the responsibilities and duties of the staff concerned. The findings of this and other associated Groups were reported to the Director-General in July 1977. One of the major findings was that, although existing procedures and guidelines on reporting might need to be improved and updated, failures at that time to apply the existing procedures and the absence of an effective system for ensuring the submission of reports were much more serious problems than any deficiencies in the procedures themselves. In October 1977, the Director-General accordingly issued instructions which reiterated the responsibility of project staff for the preparation of reports and required each individual's reporting obligations to be set out in his letter of instruction. The Director-General's instructions also laid down that reports required for monitoring the progress of projects were to be identified and scheduled in project planning documents; that departmental heads were to establish detailed procedures consistent with the guidelines set out in the instructions; and that an annual report was to be made to the Director-General on the application of the project reporting procedures, with recommendations as to the improvements or changes considered necessary.

14. During 1978, my staff visited eight large projects and one small project being executed by FAO in two countries. At four of the large projects the auditor found that problems had arisen in each case which had affected, or were liable to affect, the efficient implementation of the projects, but that the project staff had submitted no reports and no tripartite reviews had been carried out. Total expenditure on these four projects up to 31 December 1978 amounted to \$1,295,017. Three of the four projects were concerned mainly with the supply of equipment to research institutes and international experts have



played a relatively small part in them. The fourth project however involved substantial input of both expertise and equipment, and an international expert had been on the project for most of the time. The project documents for this and for one other project, both starting in 1975, made no reference to progress reports or tripartite reviews, but the project documents for the other two, both starting in January 1977, required six monthly progress reports to be provided by the institutes' directors and regular tripartite reviews to be held. The problems encountered on the projects arose largely from non-delivery or long delays in supply of equipment, some of it urgently required, and I asked the Organization what steps they proposed to take to resolve these problems. In reply, the Organization informed me that they had now taken appropriate action on the supply of equipment and that they intended to call for progress reports and to carry out tripartite reviews in each case.

15. I also asked FAO what progress they had made towards establishing and implementing detailed procedures for reporting in accordance with the instructions issued in October 1977. The Organization replied that comprehensive guidelines had been issued by three departments, specifying the arrangements for submitting project reports and the responsibilities of all staff concerned; the other two departments would shortly be issuing similar instructions. Having regard to the comments made by the Director-General's Working Group on the lack of discipline in reporting, confirmed by my officers on local audit, I also enquired whether further action was contemplated to ensure that international and national project staff fulfilled their reporting responsibilities. The Organization replied that their own staff would be briefed at HQ before assignment to projects and that, as a result of the audit observation, a circular would be issued to staff already in the field reminding them of their responsibility for the submission of reports. Further, FAO Country Representatives would be asked to oversee the operation of the reporting arrangements in their areas. As regards national project staff, FAO Representatives and international project staff would be asked to intervene as necessary to ensure that government and other national staff fulfilled any reporting responsibilities they had in particular cases. Where a project provided only short-term consultants or equipment, special ad hoc arrangements would be made to report progress on the project.

16. Effective management control of projects is not possible without adequate information on their progress. I therefore welcome the steps the Organization have taken, or propose to take, to ensure that project progress reports are submitted by those responsible. I recommend that the Organization should also take action to ensure that provision for progress reports and tripartite reviews is written into the project documents of all appropriate current and future projects.

Losses, etc.

17. I have examined the losses, write-offs and compensation payments listed

in the Report of the Director-General. I am satisfied with the information and explanations which I have obtained about these cases and I have nothing to add to the statements by the Director-General in his Report.

Summary of Findings and Recommendations

18. My findings and recommendations may be summarized as follows:

Livestock Development Project (paragraphs 5 to 11)

- (i) A livestock development project, which has not so far achieved results commensurate with the expenditure incurred owing to planning deficiencies and lack of government support, may be extended for a further two years. I express the hope that if the project is extended, explicit assurances will be obtained from the government of their support for the extended project and that the project will be reconsidered if progress is unsatisfactory. Generally, I recommend that when UNDP and executing agencies are formulating new or extended projects they should take account of the recipient government's actual contributions to existing projects.

Progress Reports on UNDP-assisted Projects (paragraphs 12 to 16)

- (ii) At four out of eight major projects visited, auditors found that problems had arisen affecting the efficient implementation of the project but that no progress reports had been submitted to Headquarters. I welcome the steps taken or now proposed by the Organization in these and other cases to ensure the submission of progress reports to keep management informed and enable action to be taken whenever necessary. I also recommend that provision for regular progress reports and project reviews should be made in all appropriate project documents.

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19. I wish to record my appreciation of the willing co-operation of the officers of the Organization throughout the year.

4 May 1979

(Signed) D. O. HENLEY  
Comptroller and Auditor General, United Kingdom  
External Auditor

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UNITED NATIONS DEVELOPMENT PROGRAMME  
FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

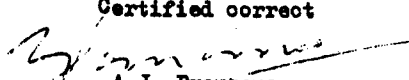
Status of Funds at 31 December 1978  
(Expressed in US dollars)

OPERATING FUND

Balance at 1 January 1978		( 9 857 501)
Add:		
Cash drawings from UNDP		65 747 803
IOVs and other charges (net)		50 826 632
Miscellaneous income and exchange adjustments (net)		397 010
Miscellaneous items refunded to UNDP (net)		67 671
		<u>107 181 615</u>
Deduct:		
Expenditure during 1978 - Schedule I		
For projects	113 424 359	
For overheads	<u>15 408 668</u>	
		<u>128 833 027</u>
Balance at 31 December 1978		<u><u>( 21 651 412)</u></u>

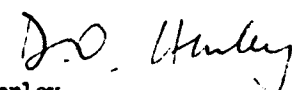
Represented by:

Cash at banks, on hand and in transit		8 022 727
Accounts receivable		<u>4 121 513</u>
Deduct:		12 144 240
1978 Unliquidated obligations	23 936 368	
Prior years' unliquidated obligations	<u>2 391 703</u>	
	26 328 071	
Accounts payable	<u>7 467 581</u>	
		<u>33 795 652</u>
		<u><u>(21 651 412)</u></u>

Certified correct  
  
A.J. Bronsema  
Director  
Financial Services Division

Approved  
  
Edouard Saouma  
Director-General

I have examined the above Statement and the related Schedule. I have obtained all the information and explanations that I have required and I certify, as a result of the audit, that, in my opinion, the above Statement and the related Schedule are correct.

  
D.O. Henley  
(Comptroller and Auditor General, United Kingdom)  
External Auditor

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITOR ON THE STATEMENT SHOWING  
AS AT 31 DECEMBER 1978 THE STATUS OF FUNDS ADVANCED TO THE  
UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION  
BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

General

1. The Statement and supporting Schedule relating to the participation of the United Nations Educational, Scientific and Cultural Organization in the United Nations Development Programme are in the form prescribed by UNDP for 1978. My examination of them has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organization. I have also examined the relevant reports of Internal Audit.

Statement I

2. Statement I shows the resources made available to the Organization for the United Nations Development Programme, the expenditure incurred by UNESCO during 1978 on goods and services for projects and on overheads at agreed rates; and the balance of funds held by UNESCO at 31 December 1978.

3. The expenditure comprises disbursements and unliquidated obligations. The control over expenditure is through project budgets which are phased by years over the duration of each project and are revised annually when year-end project delivery information becomes available. They are also revised when either the scope of the project or the phasing of expenditure is changed. UNDP allow Agencies to incur expenditure exceeding the annual tranche of the approved budget by a limited amount. Contractual commitments to be charged against future budgets have been reported separately to UNDP.

4. Statement I is supported by Schedule 1 showing the expenditure charged to projects in each country and region during 1978.

Verification of bank accounts

5. The Financial Regulations of UNESCO require the External Auditor to satisfy himself that the securities and moneys on deposit and on hand have been verified by certificates received direct from the Organization's depositories, or by actual count. My staff have not yet received and reconciled all such certificates, despite the co-operation of the Organization in despatching reminders to depositories. At the conclusion of the detailed examination in April 1979, my staff had been unable to verify 20 bank balances at 31 December 1978, totalling \$45,019 although most of the balances had been

reconciled with the bank statements sent to the Organization. Verification from certificates will be completed as soon as possible.

#### Recruitment of experts for UNDP projects

6. My audit of 1978 expenditure included a field visit by one of my staff to a project under which assistance is being given by UNDP to an Institute of Petroleum. Aid to the Institute was first approved by the Governing Council of UNDP in 1966. The purpose of the aid was to strengthen the Institute's Refining Division and establish a Petrochemical Division in order to provide training and to organise research in petroleum refining and in petrochemical production and utilisation to help meet the growing demand for petroleum products in the country. The aid project began in July 1966 with UNESCO as the Executing Agency and was intended to last four years and to cost \$2.5 million, of which \$1.2 million would be provided by UNDP. By 1970, the objectives of the project were mainly fulfilled but the expanding petroleum industry was making increasing demands on the Institute's resources and the Government requested further UNDP assistance to expand the Institute's facilities and improve its capability to perform its research, development and consulting functions.
7. Following a survey mission's visit to the Institute in March 1972 to appraise the request for further aid, UNDP approved an extension of the project. This second phase was assigned to UNESCO in April 1974 and the United Nations Industrial Development Organization (UNIDO) was also associated with the project. Work during the first year of the new phase beginning in September 1974 was to be of a preparatory nature, under the direction of a Project Manager to be provided by UNESCO, to help formulate final project plans.
8. UNESCO commenced recruiting procedures for a Project Manager in June/July 1974 but by May 1975 four candidates for the post had been turned down by the Government and it was not until January 1976 that a candidate, suggested by the Government, was appointed. However, he resigned three months later, and recruitment of a successor was delayed until June 1976 by the UNDP cash flow crisis. Six further candidates were submitted to the Government in September 1976 and a replacement was eventually available and appointed in March 1977. In the absence of a Project Manager during the preparatory period (one year from September 1974), the Director of the UNESCO Regional Office in New Delhi finalised the project plans.
9. UNDP gave approval to proceed with the project in March 1976 at a total estimated cost to UNDP of \$1.12 million, shared between UNESCO and UNIDO. The project was planned to run to the end of 1979. UNDP were to provide five resident experts and nine short-term consultants by January 1979, but only two experts and three consultants had been fielded by then. Twelve fellowships, involving in all 119 man-months, were also to be started by July 1978 and completed by March 1979 but at 31 January 1979, only four fellowships had been

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completed and only 33.5 man-months had been expended. The project plans also provided for 12 short-term study tours, of which five had been implemented.

10. Representatives of UNDP, UNESCO and the Government reviewed the project in March 1978 and recommended that the project needed recasting in view of the drastic changes in the demand for petroleum products which had taken place in the country from 1973 onwards. The review team proposed an increase of \$657,676 in UNDP's input to cover additional studies, training and equipment and an extension of the project to the end of 1981. UNDP approved these changes and revised the annual budget allocations accordingly.

11. In view of the difficulties in recruiting an acceptable Project Manager and other experts and consultants, I asked UNESCO whether they were satisfied that their recruitment and selection procedures were compatible with the requirements of recipient governments and their right to veto candidates. In reply, the Organization stated that the difficulties of recruiting international staff for the project were exceptional because of the narrow field of specialisation and the high level of technological expertise required. They had however evolved modifications to the procedures which had speeded up the recruitment of experts for the project and the placing of fellows over the past year. Under the modified procedures the Institute had been consulted at the initial stages of recruitment. I welcome this attempt to avoid abortive selection of candidates for appointment to projects. In view of the requirements of the recipient governments and their right to veto candidates, it is important for the governments to be brought into the selection processes at as early a stage as possible, and I recommend that the Organization should adopt this practice widely.

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12. I wish to record my appreciation of the willing co-operation of the officers of the Organization during my audit.

18 May 1979

(Signed) D. O. HENLEY  
Comptroller and Auditor General, United Kingdom  
External Auditor

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## STATEMENT I

DP/441  
English  
Page 23

UNITED NATIONS DEVELOPMENT PROGRAMME  
UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

Status of Funds as at 31 December 1978

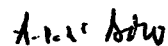
(Expressed in US Dollars)

	\$	\$
<u>Operating Fund</u>		
Balance at 1 January 1978		(3 583 006)
Add : Cash drawings from UNDP		20 646 567
IOVs and other charges (net)		13 882 991
Miscellaneous income and exchange adjustments (net)		162 407
Miscellaneous items refunded to UNDP (net)		20 384
		<u>31 129 343</u>
Deduct : Expenditure during 1978 - Schedule I		
For projects	33 425 585	
For overhead	4 653 779	
		<u>38 079 364</u>
Balance at 31 December 1978		<u><u>\$(6 950 021)</u></u>
Represented by :		
Cash at banks, on hand and in transit		1 283 204
Accounts receivable		1 279 636
		<u>2 562 840</u>
Deduct : Accounts payable	2 131 917	
1978 Unliquidated obligations	7 380 944	
		<u>9 512 861</u>
		<u><u>\$(6 950 021)</u></u>

Certified correct

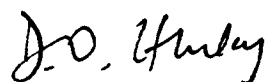
  
André Chakour  
Comptroller

Approved

  
Amadou-Mahtar M'Bow  
Director-General

AUDIT CERTIFICATE

I have examined the above Statement and related Schedule. I have obtained all the information and explanations that I have required, and I certify, as a result of the audit, that in my opinion the above Statement and related Schedule are correct.

  
D.O. Henley  
(Comptroller and Auditor General,  
United Kingdom)  
External Auditor

INTERNATIONAL CIVIL AVIATION ORGANIZATION

AUDIT OPINION

I have examined the Status of Funds of the International Civil Aviation Organization as Executing Agency of the United Nations Development Programme, Statement VII and related schedules for the year ended 31 December 1978. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances. As a result of my examination, I am of the opinion that the accompanying statement properly reflects the recorded financial transactions for the year, which transactions were in accordance with the Financial Regulations and Rules of the United Nations Development Programme and legislative authority, and presents fairly the financial position as at 31 December 1978.

11 May 1979

(Signed) J.J. Macdonell, F.C.A.  
(Auditor General of Canada)  
External Auditor

/...



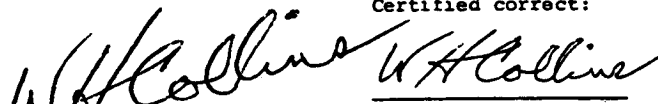
UNITED NATIONS DEVELOPMENT PROGRAMME  
INTERNATIONAL CIVIL AVIATION ORGANIZATION

STATUS OF FUNDS AS AT 31 DECEMBER 1978  
(in United States Dollars)

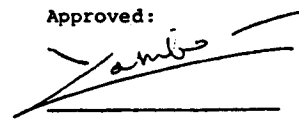
<u>OPERATING FUND</u>	<u>1978</u>	<u>1977</u>
Balance at beginning of year	(3 034 667)	478 603
<u>Add:</u> Cash drawings from UNDP	14 532 125	9 375 267
UNDP inter-office vouchers and other charges (net)	5 610 837	4 764 296
Miscellaneous income and exchange adjustments (net)	<u>41 017</u>	<u>12 156</u>
	17 149 312	14 151 719
<u>Deduct:</u> Expenditures during the year (Schedules F and G)		14 630 322
For projects	26 369 175	15 201 043
For overhead	<u>3 683 474</u>	<u>2 160 037</u>
Miscellaneous items to be refunded by UNDP (net)	66 595	303 909
Balance at end of year	<u>(12 969 932)</u>	<u>(3 034 667)</u>
 <u>REPRESENTED BY:</u>		
Cash in banks, on hand and in transit	1 127 738	1 286 737
Due from other Funds:		
AOSC Fund	-	4 331
ICAO General Fund	-	8 514
Termination Payment Fund	9 263	
Governments' Trust Fund accounts	380 202	41 352
U.N. Trust Fund - Lesotho	<u>10 461</u>	-
Accounts receivable and sundry debit balances	399 926	54 197
	<u>724 443</u>	<u>578 206</u>
	2 252 107	1 919 140
 <u>Less:</u> Due to other Funds:		
AOSC Fund	957 263	-
ICAO General Fund	1 836	-
Termination Payment Fund	-	27 167
Governments' Trust Fund accounts	38 848	274 096
U.N. Trust Fund - Lesotho	-	<u>3 576</u>
Accounts payable and sundry credit balances	997 947	304 341
Unliquidated obligations - 1978	1 289 290	616 798
	<u>12 934 802</u>	<u>4 032 668</u>
	15 222 039	4 953 807
	<u>(12 969 932)</u>	<u>(3 034 667)</u>

The accompanying notes are an integral part of the financial statements.

Certified correct:

  
W.H. Collins  
Chief, Finance Branch

Approved:

  
Yves Lambert  
Secretary General

INTERNATIONAL CIVIL AVIATION ORGANIZATION

Notes to the Statement of Status of Funds

United Nations Development Programme

(Statement VII)

31 December 1978

1. Nature of Activities

Under the United Nations Development Programme (UNDP), the execution of projects related to civil aviation is delegated to the International Civil Aviation Organization (ICAO) and financed by UNDP.

2. Significant Accounting Policies

(a) Method of Accounting

The Statement of the Status of Funds has been prepared on the accrual basis and in accordance with the format and directives prescribed by UNDP. The accounts and records of ICAO, as Executing Agency for UNDP, are maintained, and the financial statements are presented in United States dollars. All other currencies are converted into United States dollars at exchange rates provided by UNDP.

(b) Expenditures for projects

Expenditures include disbursements and unliquidated obligations for which funds have been provided in approved project budgets in the current year. Unliquidated obligations include unpaid amounts as follows:

- for experts: on the basis of services rendered to the end of the year.
- for equipment: on the basis of purchase orders or signed contractual agreements issued to the end of the year.
- for training: on the basis of the fellowships awarded, not to exceed a maximum of twelve months for each fellowship.

(c) Overhead expenditure

Overhead expenditure is based on a fixed rate determined by UNDP and is calculated on actual project costs.

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITOR ON THE STATEMENT SHOWING  
AS AT 31 DECEMBER 1978 THE STATUS OF FUNDS ADVANCED TO THE  
WORLD HEALTH ORGANIZATION BY THE  
UNITED NATIONS DEVELOPMENT PROGRAMME

General

1. The Statement and supporting Schedule relating to the participation of the World Health Organization in the United Nations Development Programme are in the form prescribed by UNDP for 1978. My examination of them has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organization. I have also examined the relevant reports of Internal Audit.
2. Much of WHO's expenditure on UNDP projects is incurred and accounted for by Regional Offices which are visited each year by Internal Audit. My officers will be visiting Regional Offices on a regular cycle, but so far they have made no examination of regional expenditure on UNDP projects.

Statement I

3. Statement I shows resources made available to the Organization by the United Nations Development Programme, the expenditure incurred by WHO on projects, overhead charges at agreed rates, and the balance of funds held by WHO at 31 December 1978.
4. The expenditure comprises disbursements and unliquidated obligations. The control over expenditure is through project budgets which are phased by years over the duration of each project and are revised annually when year-end project delivery information becomes available. They are also revised when either the scope of the project or the phasing of expenditure is changed. UNDP allow Agencies to incur expenditure exceeding the annual tranche of the approved budget by a small amount. Contractual commitments to be charged against future budgets have been reported separately to UNDP.

Schedule 1

5. Statement I is supported by Schedule 1 showing the expenditure charged to projects in each country or region during 1978.
6. Costs of experts' services charged to projects are classified into two categories. The actual salary and other costs associated with service at the duty station (Category I) are charged direct to projects. Allowances, etc., which depend on the personal circumstances of the expert (Category II) are

charged to projects at an average rate based on costs incurred by the Agency during the year. For fellowships, projects are charged with actual costs.

7. I wish to record my appreciation of the willing co-operation of the officers of the Organization during my audit.

30 March 1979

(Signed) D. O. HENLEY  
Comptroller and Auditor General, United Kingdom  
External Auditor

/...

United Nations Development Programme

**WORLD HEALTH ORGANIZATION**  
(Participating and Executing Agency)

Status of Funds as at 31 December 1978  
(Expressed in US dollars)

<u>Operating Fund</u>	<u>\$</u>	<u>\$</u>
Balance at 1 January 1978		4 034 598
Add: Cash drawings from UNDP		9 039 337
IOVs and other charges (net)		4 810 643
Miscellaneous income and exchange adjustments (net)		(53 143)
Miscellaneous items refunded to UNDP (net)		25 820
		<hr/>
		17 857 255
Deduct: Expenditure during 1978 - Schedule 1		
For projects	14 397 743	
For overhead	2 000 593	16 398 336
	<hr/>	<hr/>
Balance at 31 December 1978		1 458 919
		<hr/> <hr/>
<u>Represented by:</u>		
Accounts receivable (due by WHO)		1 458 919
		<hr/> <hr/>

CERTIFIED CORRECT

*J. F. Carney*  
J. F. Carney  
Chief, Finance

APPROVED

*Arie Groenendijk*  
Arie Groenendijk  
Director, Budget and Finance

I have examined the above account. I have obtained all the information and explanations that I have required, and I certify, as a result of the audit, that in my opinion the above account is correct.

*D. O. Henley*

D. O. Henley  
(Comptroller and Auditor General, United Kingdom)  
External Auditor

PRICE WATERHOUSE AND CO.

World Bank

and

Board of Auditors  
United Nations

We have examined the accompanying Statements I and II of the Status of Funds and Statement III of Expenditures of the World Bank as Executing Agency for certain United Nations Development Programme projects for the year ended 31 December 1978. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 2, these statements are prepared in accordance with the format and accounting practices prescribed by the United Nations Development Programme. These practices differ in some respects from generally accepted accounting principles. Accordingly, the accompanying statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. This report is intended solely for filing with the United Nations and is not intended for any other purpose.

In our opinion, the accompanying statements present fairly the status of funds and expenditures of the World Bank as Executing Agency for certain United Nations Development Programme projects for the year ended 31 December 1978, on the basis of accounting described in Note 2, which basis has been applied in a manner consistent with that of the preceding year.

(Signed) PRICE WATERHOUSE AND CO.

WORLD BANK

STATUS OF FUNDS  
YEAR ENDED DECEMBER 31, 1978  
(Expressed in U.S. dollars)

Operating Fund

Balance as at December 31, 1977		233 148
Add:		
Cash drawings from UNDP	17 948 251	
Other charges (net)	(51 559)	
Miscellaneous income and exchange adjustments (net)	<u>57 094</u>	<u>17 953 786</u>
		18 186 934
Deduct:		
Expenditures during 1978 (Statement III)		
For projects	16 393 639	
For overhead	<u>1 543 538</u>	<u>17 937 177</u>
Balance as at December 31, 1978		<u><u>249 757</u></u>
Represented by:		
Cash at banks and in transit		2,760 467
Accounts receivable		<u>734 377</u>
		3 494 844
Deduct:		
Accounts payable	991 517	
1978 unliquidated obligations	<u>2 253 570</u>	<u>3 245 087</u>
		<u><u>249 757</u></u>

The accompanying footnotes are an integral part of the financial statements.

WORLD BANK  
EXECUTING AGENCY FOR  
CERTAIN UNITED NATIONS DEVELOPMENT PROGRAMME PROJECTS

NOTES TO FINANCIAL STATEMENTS  
31 DECEMBER 1978

Note 1 - Organization

The United Nations Development Programme (UNDP) was established to provide, among other services, assistance in making the investment of new capital in less developed countries more feasible and more effective. This primary objective is pursued by participation in such activities as: (a) assisting governments with the improvements of their own capabilities (institution-building); (b) surveys for improved use of physical resources; and (c) analyses of national economic sectors (such as transport and power), which in turn serve as bases of formulating co-ordinated investment programmes, defining investment priorities and preparation of specific projects.

Note 2 - Accounting policies

The accounts and records of the World Bank, as Executing Agency for UNDP, are maintained, and the financial statements are expressed, in terms of United States dollars. Currencies are translated into United States dollars at rates of exchange specified by UNDP. Exchange adjustments during each year are settled with UNDP as an adjustment of the operating fund balance.

Allocations

UNDP makes contributions, or authorizes them to be made, toward the costs of projects. Allocations are recorded in the accounts on the basis of notification from UNDP. During 1978, \$42,995,304 in net allocations were issued by UNDP and \$16,393,639 in allocations were utilized for project expenditures, leaving a cumulative unspent balance at 31 December 1978 of \$51,455,870.

In most cases, the countries receiving assistance also make contributions towards the projects. Such contributions (referred to as counterpart contributions or government cost sharing) are made in cash, services or facilities. Certain amounts received in cash directly by the World Bank for counterpart contributions are reported in Statement II. Other cash counterpart contributions and government cost sharing, where they form part of the gross project budget and are included in UNDP allocations, are accounted for in Statement I.

Expenditures, accounts payable and 1978 unliquidated obligations

Expenditures are recorded by project on the basis of approved budgets to include: (a) actual disbursements relating to the current year; and (b)



unliquidated obligations at 31 December 1978. However, certain unliquidated obligations are recorded only to the extent that such unliquidated obligations, when combined with actual disbursements, do not exceed budgeted expenditures for 1978. Amounts which were not recorded in 1978 due to this limitation will be recorded as expenditures in 1979. In determining expenditures, the cost of experts is recorded based upon the UNDP system of recording salary items associated with service at the duty station on the basis of actual costs while salary items and allowances of a personal nature and unique to the individual expert are recorded on the basis of average actual costs. Also, included in expenditures are amounts paid or accrued to the World Bank of approximately \$3,100,000 for services and other costs of its staff members assigned to UNDP projects and of \$1,543,538 as a reimbursement to the World Bank for overhead costs incurred in the performance of its duties as Executing Agency.

Unliquidated obligations represents amounts accrued or payable for items purchased or services rendered in connexion with the projects for 1978, but for which payment was not made prior to 31 December 1978. Accounts payable includes prior years unliquidated obligations which were still unpaid at 31 December 1978. Additionally, accounts payable at 31 December 1978 includes amounts due to the World Bank for reimbursement of expenditures, \$145,454 that was refunded by the World Bank to UNDP in 1979 and \$81,000 to be paid to one of the projects in 1979.

#### Other

Accounts receivable includes advances and prepaid expenses relating to the various projects.

The World Bank, as Executing Agency, provides administrative and supervisory services to UNDP projects for which it is reimbursed at a fixed rate of 11 per cent of project expenditures. No overhead is charged for expenditures made from government cash counterpart contributions, certain government cost sharing funds, and for certain other projects for which the World Bank has agreed to waive the overhead requirement.

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT ON THE EXTERNAL AUDIT OF THE ACCOUNTS FOR  
TECHNICAL CO-OPERATION PROJECTS KEPT BY THE  
INTERNATIONAL BUREAU OF THE UNIVERSAL POSTAL UNION<sup>\*/</sup>  
AT BERNE  
FINANCIAL YEAR 1978

General

1.1 Terms of reference

In accordance with article 35 of the Financial Regulations of the Universal Postal Union and article XV of the Financial Rules and Regulations of the United Nations Development Programme, I proceeded, in my capacity as External Auditor appointed by the Swiss Federal Government, to examine the accounts of the technical co-operation projects closed on 31 December 1978, at the headquarters of the International Bureau (IB) of UPU at Berne.

1.2 Nature and scope of audit

The audit concentrated on transactions in the income and expenditure accounts and on the balance sheet accounts for the financial year 1978 (UNDP projects, projects in association with ITU, Japanese funds on deposit, technical assistance project in return for payment, Uruguay), the values entered in the balance sheet as at 31 December 1978 and the related financial statements. My audit was conducted according to generally accepted principles and conformed to the additional terms of reference appended to the Financial Regulations of IB.

1.3 Information received

For the purposes of the audit, I had at my disposal a mimeographed document, dated 14 February 1979, concerning income and expenditure and also the balance sheet for the financial year 1978, various accounting records, and some documents substantiating the transactions entered in the accounts. I would express my appreciation for the goodwill with which information relevant to the discharge of my mandate was provided by all the officials at IB whom I consulted. Mr. A. Petrenchuk, head of the finance section of IB, with whom I discussed the results of the review, facilitated in every way my task and that of my assistants.

Income and Expenditure Accounts for 1978

2.1 Transactions for 1978 are presented as follows:

<sup>\*/</sup> Certain sections of the above audit report have been deleted since it is felt that they did not contain information which was significant or would be of interest to the Council. If necessary, the full text of these sections can be made available to Council members at their request. /...

2.11 United Nations Development Programme (UNDP)

	<u>Expenditure</u> \$ US	<u>Income</u> \$ US
<u>1. UPU projects</u>		
<u>Allocations for projects:</u>		
Balance of unspent allocations at 1 January 1978		2 230 689 00
Allocations made in 1978 (net)		<u>4 752 800 00</u>
Total allocations for 1978-1981		6 983 489 00
<u>Allocation for overhead costs:</u>		
Allocation made in 1978		410 000 00
<u>Receipts:</u>		
Miscellaneous income 13 124 79		
Exchange adjustments <u>75 586 48</u>		88 711 27
<u>Expenditure:</u>		
Project expenditure in 1978	1 503 647 00	
Overhead costs	<u>410 000 00</u>	
	1 913 647 00	7 482 200 27
Surplus income	<u>5 568 553 27</u>	
	<u>7 482 200 27</u>	<u>7 482 200 27</u>
<u>Surplus as above</u>		5 568 553 27
<u>To be credited to UNDP:</u>		
Total miscellaneous income	88 711 27	
<u>Unspent allocations at 31 December 1978</u>		
To be carried forward to 1979	<u>5 479 842 00</u>	
	<u>5 568 553 27</u>	<u>5 568 553 27</u>
<u>2. Account for projects in association with ITU</u>		
Payments by UNDP to ITU		160 548 48
Project expenditure in 1978	140 832 00	
Overhead costs (14 per cent)	<u>19 716 48</u>	
	<u>160 548 48</u>	<u>160 548 48</u>

	<u>Expenditure</u> \$ US	<u>Income</u> \$ US
<b>2.12 <u>Funds on deposit (FD)</u></b>		
<u>FD project - Japan</u>		
Carried forward from 1977		53 136 15
Project expenditure in 1978	39 953 25	
Overhead costs for 1978 (12 per cent)	<u>4 794 39</u>	
	44 747 64	53 136 15
Balance to be carried forward to 1979	<u>8 388 51</u>	
	<u>53 136 15</u>	<u>53 136 15</u>
<b>2.13 <u>Technical assistance in return for payment</u></b>		
<u>Uruguay project</u>		
Carried forward from 1977		2 463 90
Project expenditure in 1978	5 873 26	
Overhead costs for 1978 (14 per cent)	<u>822 26</u>	
	6 695 52	2 463 90
Balance receivable from the Uruguayan Postal Administration		<u>4 231 62</u>
	<u>6 695 52</u>	<u>6 695 52</u>

**2.2 Overhead costs for UNDP projects**

According to the entries in the technical co-operation accounts UPU has debited to UNDP the following overhead costs:

	<u>\$ US</u>
- 14 per cent of the total of \$1,503,647 constituted by expenditure on UPU projects	210 510 58
- Flexibility allowed by UNDP in accordance with the letter (DOF/256) sent by Mr. Saddler to Mr. Sobhi on 10 January 1978:	
- Permitted flexibility \$200,000	
- Amount spent	<u>199 489 42</u>
Total overhead costs (fixed ceiling)	<u>410 000 00</u>

The share of overhead costs in relation to total expenditure on projects is thus 27.27 per cent.

2.3 UNDP allocations for UPU projects

I have observed the following difference between the allocations made by UNDP for 1978 and those recorded by UPU in the technical co-operation accounts:

	<u>\$ US</u>
- Allocations for 1978 according to "Approved programme - Status of Allocations by Agency / Reported Changes between 12/77 and 12/78 / As of 31 December 1978"	2 404 718 00
- 1978 allocations according to UPU	<u>2 418 988 00</u>
	<u>14 270 00</u>

The difference is represented by:

	<u>\$ US</u>	<u>\$ US</u>
- Project BHU/77/002/C/01/41		
Approved and revised budget at 5.7.78 amounts to	70 100 00	
Sums according to the UNDP computer amount to	<u>69 240 00</u>	
Amount to be added in the UNDP books	860 00	860 00
- Project RAS/74/039/D/Final Expenditure		
As shown in the UPU documents, the allocations for 1978 amount to	860 00	
The "rephasing" will not be carried out by UNDP until 1979 (approved as recently as 6.2.79)	<u>0 00</u>	
Difference at 31.12.1978	<u>860 00</u>	860 00
- Project HAI/77/008/C/01/41		
1978 budget according to status C of 15.12.1978 recorded by UNDP	121 450 00	
At UPU, the allocations recorded for 1978 according to statement "B" amount to	<u>134 000 00</u>	
Change of allocation, to be entered by UPU	<u>12 550 00</u>	<u>12 550 00</u>
<u>Total</u>		<u>14 270 00</u>

/...

I was assured that these differences would be corrected, either by adjusting the amounts in internal documents or by requesting UNDP to rectify the incorrect amounts.

Balance Sheet as at 31 December 1978

3.1 I have audited the items in the balance sheet as reproduced in the annex to this report; the various entries have been duly substantiated by the supporting documents I consulted. I must, however, point out that the figures relating to the current account with UNDP did not tally with those mentioned by UNDP in the document "Operating Fund Statement at 31 December 1978 (OFS No. UNDP/78-08)" signed on 31 January 1979 by Mr. D. H. Jenkins, Chief, Accounts Section, Division of Finance. This, the most recent document available at the time of the review, will be completed and replaced by a final statement as at 31 December 1978 (see section 3.2 below).

3.2 Status of Operating Fund as at 31 December 1978

According to the statement of funds drawn up by the International Bureau of UPU and dated 15 February 1979, the amount due to UNDP is \$3,275.26, whereas, according to UNDP (OFS No. 78-08), it is \$1,863,440.81 as at 31 December 1978. The large discrepancy of \$1,860,165.55 between the two statements is accounted for as follows:

- <u>Difference under the heading "IOVs and other charges"</u>		<u>\$ US</u>
Balance according to "OFS", UNDP, items 4 and 5	341 326 30	
Balance according to the IB accounts	<u>806 096 48</u>	35 229 82

According to International Bureau, the variance is due to the overlapping and other entries called to the attention of UNDP in the telegram sent on 22 March 1979 to Mr. Jenkins, namely:

	<u>\$ US</u>	<u>\$ US</u>	<u>\$ US</u>
To be added:			
IOV JAM 252	2 496 93		
IOV JOR 304	58 711 00		
IOV STP 23	22 00		
IOV GUA 181 (see UPU letter of 8.2.79)	2 70		
IOV JEM 302	<u>2 029 81</u>	63 262 44	
To be deducted:			
IOV ANG 162	4 357 33		
IOV LIR 181 (1976) (see UPU letter of 5.1.79)	1 202 07		

	<u>\$ US</u>	<u>\$ US</u>	<u>\$ US</u>
ITU/project expenditure for the second half of 1978	92 932 80		
UPU/error IOV URU 073	<u>06</u>	<u>98 492 26</u>	
Difference in favour of UPU		<u>35 229 82</u>	
- <u>Project expenditure</u>			
Project expenditure in 1978, to be recorded by UNDP			1 503 647 00
- <u>Overhead costs</u>			
Overhead costs (including the permitted flexibility), to be recorded in the UNDP accounts			<u>410 000 00</u>
			1 948 876 82
- <u>Miscellaneous income and exchange adjustments</u>			
Amount in favour of UNDP and to be refunded to UNDP		-	<u>88 711 27</u>
Total difference as above			<u>1 860 165 55</u>

I am satisfied that the discrepancy has been fully explained.

### 3.3 Liquid assets

The bank account balances as at 31 December 1978 have been audited with the help of the statements and certificates submitted to me. Only the Tokyo bank has not yet sent the statement of account at 31 December 1978.

### 3.4 Provisional accounts

\$ US

#### 3.41 Provisional assets

Balance according to the balance sheet at 31 December 1978	<u>65 394 58</u>
Represented by:	
- Advances to experts	17 699 95
- Insurance premiums, to be distributed in 1979	29 768 39
- Project petty cash	357 59
- Swiss taxes to be recovered in 1979	53 66
- Miscellaneous	461 64
- IOVs to be adjusted by the RR	3 417 71
- Cancelled fellowships: costs to be recovered in 1979	2 117 71
- Expenditure for a United Nations project in Liberia	<u>11 517 93</u>
Total as above	<u>65 394 58</u>

\$ US

3.42 Provisional liabilities

Balance according to the balance sheet at 31 December 1978	<u>24 345 41</u>
Represented by:	
- IOVs receivable	22 790 93
- Balance of current account with the International Bureau of UPU	435 48
- Miscellaneous	<u>1 119 00</u>
Total as above	<u><u>24 345 41</u></u>

The balance of the current account with the International Bureau of UPU does not tally with the balance of the corresponding account in the records of the UPU general accounts. The variance of \$ US 25,634.75 is due to the 1978 expenditure on behalf of IB, the Special Fund and Swiss bilateral technical assistance which was recorded after the closure of the general accounts for the financial year 1978.

3.5 Balances to be reimbursed

Balance according to balance sheet at 31 December 1978	<u>88 711 27</u>
Represented by:	
- Miscellaneous income	12 858 30
- Surplus undischarged obligations for 1977 (Project POL/76/001)	266 49
- Exchange adjustments	<u>75 586 48</u>
Total as above	<u><u>88 711 27</u></u>

This amount will be refunded to UNDP in the course of 1979.

3.6 1978 undischarged obligations

The opening of this account conforms to instructions issued by UNDP, as contained in its letter of 10 November 1977 (UNDP/PROG/HQTRS/111).

The 1978 undischarged obligations are as follows:

- Personnel services	32 993 85
- Fellowships	67 367 41
- Equipment	97 866 30
- Miscellaneous	<u>1 880.00</u>
Total undischarged obligations for 1978 carried forward to 1979.	<u><u>200 107 56</u></u>



Certificate

4.1 I have examined the accounts and financial statements for technical co-operation projections, kept in United States dollars by the International Bureau of the Universal Postal Union at Berne, for the period ending on 31 December 1978. I have assembled all the necessary information with explanations, and certify, following this audit, that in my opinion the financial statements are correct, account being taken of some overlapping mentioned in sections 2.3, 3.2, and 3.42 of this report.

4.2 I would point out that I have also certified the following documents:

- Status of funds available to UPU in the context of technical assistance programmes other than those of the UPU Special Fund, status as at 31 December 1978
- UNDP - Statement I - Status of Funds as at 31 December 1978
- Japanese funds on deposit for two associate experts, status as at 31 December 1978
- Assistance in return for payment, Uruguay project, status as at 31 December 1978

Berne, 10 April 1979

(Signed) W. Frei  
Deputy Director  
Swiss Federal Audit Office  
(External Auditor)

United Nations Development Programme  
UNIVERSAL POSTAL UNION  
Status of funds as at 31 December 1978  
(Expressed in US dollars)

Operating Fund

Balance at 1 January 1978		279 553 62
Add:		
Cash drawings from UNDP		742 560 89
IOVs and other charges (net)		806 096 48
Miscellaneous income and exchange adjustments (net)		77 530 00
Miscellaneous items refunded to UNDP (net)		<u>11 181 27</u>
		1 916 922 26
Deduct:		
Expenditure during 1978 (Table 1)		
- For projects	1 503 647 00	
- For overhead	<u>410 000 00</u>	<u>1 913 647 00</u>
Balance at 31 December 1978		<u><u>3 275 26</u></u>
Represented by:		
Cash at banks, on hand and in transit		162 333 65
Accounts receivable		<u>65 394 58</u>
		227 728 23
Deduct:		
Accounts payable	24 345 41	
1978 Unliquidated obligations	<u>200 107 56</u>	<u>224 452 97</u>
		<u><u>3 275 26</u></u>

Certified correct

Approved

(Signed) A. PETRENTCHUK  
Chief, Finance Section

(Signed) M. I. SOBHI  
Director General

**AUDIT CERTIFICATE**

I have examined the books and accounts of the above statement. I hereby certify that it is a true extract therefrom and, to the best of my knowledge and belief, correct.

Berne, 10 April 1979

(Signed) W. Frei  
Deputy Director  
Swiss Federal Audit Office  
(External Auditor)

UNITED NATIONS DEVELOPMENT PROGRAMME

INTERNATIONAL TELECOMMUNICATION UNION

Status of Funds as at 31 December 1978

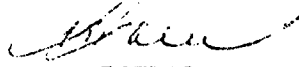
(Expressed in US Dollars)

<u>Operating Fund</u>	\$	\$
Balance at 1 January 1978		2 081 289 10
Add : Cash drawings from UNDP		13 705 000 00
IOVs and other charges (net)		5 408 360 62
Miscellaneous income and exchange adjustments (net)		121 200 85
Miscellaneous items refunded to UNDP (net)		<u>35 953 44</u>
		21 351 804 01
Deduct : Expenditure during 1978 Schedule 1		
For projects	16 179 729 11	
For overheads	<u>2 260 128 60</u>	<u>18 439 857 71</u>
Balance at 31 December 1978 of Operating Fund		<u>2 911 946 30</u>

Represented by :

Cash at banks, on hand and in transit		3 419 235 41
Accounts receivable		<u>711 002 92</u>
		4 130 238 33
Deduct : Accounts payable	1 169 328 90	
1977 Unliquidated Obligations	<u>48 963 13</u>	<u>1 218 292 03</u>
		<u>2 911 946 30</u>

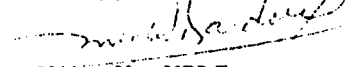
Certified correct :



R. PRELAZ

Chief of the Finance Department

Approved :

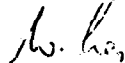


M. MILI

Secretary-General

Audit Certificate

The above statement has been examined in accordance with my directions. I have obtained all the information and explanations that I have required and I certify, as a result of the audit, that, in my opinion, the above statement is correct.



W. FREI

Deputy Director  
Swiss Federal Audit Office  
External Auditor

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITOR ON THE STATEMENT SHOWING  
AS AT 31 DECEMBER 1978 THE STATUS OF FUNDS ADVANCED TO THE  
WORLD METEOROLOGICAL ORGANIZATION  
BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

General

1. The Statement and supporting Schedule relating to the participation of the World Meteorological Organization in the United Nations Development Programme are in the form prescribed by UNDP for 1978. My examination of them has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organization.

Statement I

2. Statement I shows the resources made available to the Organization for the United Nations Development Programme, the expenditure incurred by WMO during 1978 on goods and services for projects and on overheads (see paragraph 5 below); and the balance of funds held by WMO at 31 December 1978.

3. The expenditure comprises disbursements and unliquidated obligations. The control over expenditure is through project budgets which are phased by years over the duration of each project and are revised annually when year-end project delivery information becomes available. They are also revised when either the scope of the project or the phasing of expenditure is changed. UNDP allow Agencies to incur expenditure exceeding the annual tranche of the approved budget by a limited amount. Contractual commitments to be charged against future budgets have been reported separately to UNDP.

4. Statement I is supported by Schedule 1 showing the expenditure charged to projects in each country and region during 1978.

Overhead Expenditure

5. In accordance with UNDP Financial Regulations and Rules, UNDP contributions to the overhead costs of executing agencies are on the basis of a percentage of project expenditure, but in the case of the smaller agencies the normal contribution can, if necessary, be supplemented by an additional flexibility allowance. In 1978, UNDP approved a maximum overhead allocation of the normal contribution based on 14 per cent of project expenditure plus a flexibility allowance of \$577,100. WMO's overhead expenditure apportioned to the administration of UNDP projects was \$1,631,550 and UNDP's contributions to the Organization's overhead expenditure for 1978 was accordingly limited to that amount. This comprised a normal contribution of \$1,085,975 plus a flexibility allowance of \$545,575. A contribution of \$65.00 was also received by the Organization, in respect of a UNDP project financed partly from Government Cash Counterpart Contributions.

Accounting Procedures

6. I mentioned in my Report on the 1977 Accounts that my staff were conducting a special review of WMO's systems and internal control procedures following the introduction of a new electronic accounting machine. Considerable progress has been made and further improvements introduced as a result.

---

7. I wish to record my appreciation of the willing co-operation of the officers of the Organization during my audit.

3 May 1979

(Signed) D.O. HENLEY  
Comptroller and Auditor General, United Kingdom  
External Auditor

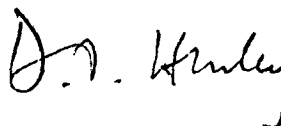
UNITED NATIONS DEVELOPMENT PROGRAMME

WORLD METEOROLOGICAL ORGANIZATION

Status of Funds as at 31 December 1978

EXTERNAL AUDITOR'S CERTIFICATE

I have examined the appended Statement and the related Schedule. I have obtained all the information and explanations that I have required, and I certify, as a result of the audit, that, in my opinion, the appended Statement and the related Schedule are correct.



(Comptroller and Auditor General,  
United Kingdom)

External Auditor

United Nations Development Programme  
 WORLD METEOROLOGICAL ORGANIZATION

Status of Funds as at 31 December 1978  
 (Expressed in US Dollars)

<u>Operating Fund</u>	<u>\$</u>	<u>\$</u>
Balance at 1 January 1978		(86 724)
Add: Cash drawings from UNDP		5 108 634
IOVs and other charges (net)		3 333 544
Miscellaneous income and exchange adjustments (net)		84 468
Miscellaneous items refunded to UNDP (net)		14 485
		<hr/>
		8 454 407
Deduct: Expenditure during 1978 - Schedule 1		
For projects	7 758 821	
For overhead	<u>1 631 615</u>	9 390 436
		<hr/>
Balance at 31 December 1978		(936 029) =====
<u>Represented by:</u>		
Cash at banks, on hand and in transit		1 095 277
Accounts receivable		309 018
		<hr/>
		1 404 295
Deduct: Accounts payable	380 083	
1978 Unliquidated Obligations	<u>1 960 241</u>	2 340 324
		<hr/>
		(936 029) =====

CERTIFIED CORRECT

*A. Weber*

(A. Weber)  
 Chief, Finance and  
 Budget Division

APPROVED

*D.A. Davies*

(D.A. Davies)  
 Secretary-General



UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITOR ON THE STATEMENT SHOWING  
AS AT 31 DECEMBER 1978 THE STATUS OF FUNDS ADVANCED TO THE  
INTER-GOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION  
BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

General

1. The Statement and supporting Schedule relating to the participation of the Inter-Governmental Maritime Consultative Organization in the United Nations Development Programme are in the form prescribed by UNDP for 1978. My examination of them has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organization. I have also examined the relevant reports of Internal Audit.

Statement I

2. Statement I shows the resources made available to the Organization for the United Nations Development Programme, the expenditure incurred by IMCO during 1978 on goods and services for projects and on overheads (see paragraphs 5 and 6 below); and the balance of funds held by IMCO at 31 December 1978.

3. The expenditure comprises disbursements and unliquidated obligations. The control over expenditure is through project budgets which are phased by years over the duration of each project and are revised annually when year-end project delivery information becomes available. They are also revised when either the scope of the project or the phasing of expenditure is changed. UNDP allow Agencies to incur expenditure exceeding the annual tranche of the approved budget by a limited amount. Contractual commitments to be charged against future budgets have been reported separately to UNDP.

4. Statement I is supported by Schedule 1 showing the expenditure to projects in each country and region during 1978.

Overhead Expenditure

5. In accordance with UNDP Financial Regulations and Rules, UNDP contributions to the overhead costs of executing agencies are based on a percentage of project expenditure, but in the case of the smaller agencies the normal contribution can, if necessary, be supplemented by an additional flexibility allowance. In 1978, UNDP provisionally allocated \$435,700 to IMCO for overheads, being the normal contribution based on 14 per cent of estimated project expenditure plus a flexibility allowance of \$155,700.

6. The overhead expenditure incurred by IMCO in the administration of UNDP and other extrabudgetary projects is charged to the Organization's Technical Co-operation Overhead Account. The charge apportioned against UNDP in 1978 was \$434,030 and UNDP's contribution to the Organization's overhead expenditure for 1978 was accordingly limited to that amount. This comprised a normal contribution of \$278,330 plus the flexibility allowance of \$155,700.

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7. I wish to record my appreciation of the willing co-operation of the officers of the Organization during my audit.

26 April 1979

(Signed) D.O. HENLEY  
Comptroller and Auditor General, United Kingdom  
External Auditor

UNITED NATIONS DEVELOPMENT PROGRAMME

STATEMENT SHOWING AS AT 31 DECEMBER 1978 THE STATUS OF FUNDS  
ADVANCED TO THE INTER-GOVERNMENTAL MARITIME CONSULTATIVE  
ORGANIZATION BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

AUDIT CERTIFICATE

I have examined the attached Statement and the related  
Schedule. I have obtained all the information and explanations  
that I have required and I certify, as a result of the audit,  
that, in my opinion, the attached Statement and the related  
Schedule are correct.

(Signed) D. O. HENLEY  
Comptroller and Auditor General, United Kingdom  
External Auditor

United Nations Development Programme

INTER-GOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

Status of Funds as at 31 December 1978  
(Expressed in US dollars)

	\$	\$
<u>Operating Fund</u>		
Balance at 1 January 1978		194 557
Add: Cash drawings from UNDP		1 161 415
IOVs and other charges (net)		610 429
Miscellaneous income and exchange adjustments (net)		38 705
Miscellaneous items refunded to UNDP (net)		<u>          </u>
		2 005 106
Deduct: Expenditure during 1978 - Schedule 1		
For projects	1 988 073	
For overhead	<u>434 030</u>	<u>2 422 103</u>
Balance at 31 December 1978		<u><u>(416 997)</u></u>

Represented by:

Cash at banks, on hand and in transit		294 241
Accounts receivable		<u>109 046</u>
		403 287
Deduct: Accounts payable	278 030	
1978 Unliquidated obligations	<u>542 254</u>	<u>820 284</u>
		<u><u>(416 997)</u></u>

CERTIFIED CORRECT

*J. A. Jackson*

J. A. Jackson  
Head, Project Administrative Services  
Technical Co-operation Division

APPROVED

*C.P. Srivastava*

C.P. Srivastava  
Secretary-General

United Nations Development Programme  
WORLD INTELLECTUAL PROPERTY ORGANIZATION  
Status of Funds as at 31 December 1978  
(Expressed in US Dollars)

Operating Fund

Balance at 1 January 1978	(28 770 05)
<u>Add:</u> Cash drawings from UNDP	28 770 05
IOVs and other charges (net)	<u>21 660 83</u>
	21 660 83
<u>Deduct:</u> Expenditure during 1978 - Schedule 1	
For projects	46 342 55
For overhead	<u>10 658 80</u>
	<u>57 001 35</u>
Balance at 31 December 1978	(35 340 52)

Represented by:

Cash at banks, on hand and in transit	-
Accounts receivable	<u>1 236 36</u>
<u>Deduct:</u> Accounts payable	27 576 88
1978 unliquidated obligations	<u>9 000 00</u>
	<u>(36 576 88)</u>
	<u>35 340 52</u>

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CERTIFIED CORRECT

APPROVED

(Signed) A. JACCARD  
Chief Finance Section

(Signed) M. PEREYRA  
Director Administrative Division

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AUDIT CERTIFICATE

The above statement has been examined in accordance with my directions. I have obtained all the informations and explanations that I have required and I certify, as a result of the audit, that, in my opinion, the above statement is correct.

(Signed) W. FREI  
Deputy Director  
Swiss Federal Audit Office  
External Auditor

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITOR ON THE AUDIT OF THE ACCOUNTS OF  
THE INTERNATIONAL ATOMIC ENERGY AGENCY AS AN EXECUTING AGENCY UNDER THE  
UNITED NATIONS DEVELOPMENT PROGRAMME  
FOR THE YEAR ENDED 31 DECEMBER 1978

General

1. I have examined the Statement and supporting Schedule relating to the participation of the International Atomic Energy Agency (IAEA) in the United Nations Development Programme (UNDP).
2. The audit was carried out in conjunction with my audit of the Agency's Accounts. During the audit, liaison was maintained with the Agency's Office of Internal Audit and Management Services.
3. As a result of my audit, the Statement and Schedule has been certified by me as being correct and in conformity with the books and records.

Statement I

4. Statement I represents the opening balance at 1 January 1978, a summary of transactions during the year and the status of the Fund as at 31 December 1978 in the form prescribed by UNDP. Expenditures during 1978 include an amount of \$867,371 representing the reimbursement for overhead costs. The reimbursement consists of the general provision of 14 per cent and, additionally, of a flexibility arrangement as authorized by the Administrator of UNDP.
5. Unliquidated obligations brought forward from the 1977 Accounts amounted to \$691,859. Of this amount, at the end of 1978 an amount of \$186,281 remained unsettled. In accordance with the UNDP requirements in respect of the financial statements at the closure of the 1978 year end accounts, this amount has been included in the amount of \$221,316 captioned "Account Payable".
6. In point 7 of my report on the 1977 Accounts I mentioned that a remittance of \$5,000 made in 1975 had been kept as a reconciling item through the end of 1977. Such a procedure for a prolonged period is deemed to be undesirable. I have observed that, to date, although correspondence on this subject has been continued, this remittance has not yet been received by the Agency.
7. In my report on the 1976 Accounts, I mentioned that the sharp decrease in the issuance of allocations during 1976 may have consequences for the level of expenditure in the near future.

8. From the figures shown below it can be seen that expenditures on projects executed on behalf of UNDP through the last five years have remained approximately at the same level.

	<u>Allocations issued<sup>a/</sup></u>	<u>Expenditures<sup>a/</sup></u>
	\$	\$
1974	6 907 286	3 152 142
1975	4 198 803	3 941 492
1976	402 220	3 002 240
1977	1 633 660	2 836 275
1978	6 918 512	3 204 614

9. During 1978 a major increase is observed in the issuance of allocations when compared to 1976 and 1977. A large portion of these allocations has been advanced in respect of future years' activity.

#### Schedule I

10. This Schedule sets forth a breakdown of the expenditures by country and regional projects. The schedule has also been prepared in the form prescribed by UNDP.

#### Acknowledgement

11. I wish to record my appreciation of the willing co-operation experienced throughout my audit from the staff of the International Atomic Energy Agency.

Vienna, 21 March 1979

(Signed) H. Peschar

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<sup>a/</sup> Overhead amounts excluded for the purpose of comparability.

UNITED NATIONS DEVELOPMENT PROGRAMME  
INTERNATIONAL ATOMIC ENERGY AGENCY

Status of funds as at 31 December 1978  
(Expressed in US dollars)

OPERATING FUND

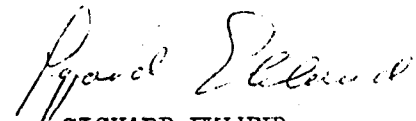
Balance at 1 January 1978		(342 534)
Cash drawings from UNDP		2 172 000
Interoffice vouchers and other charges (net)		1 322 451
Miscellaneous income and exchange adjustments (net)		14 179
Miscellaneous items credited to UNDP (net)		966
		<hr/>
		3 167 062
Expenditure during 1978 - Schedule 1		
For projects	3 204 614	
For overhead	867 371	4 071 985
	<hr/>	<hr/>
Balance at 31 December 1978		(904 923)
		<hr/> <hr/>

REPRESENTED BY:

Cash at banks, on hand and in transit		43 386
Accounts receivable		29 221
		<hr/>
		72 607
Accounts payable	221 316	
1978 Unliquidated obligations	756 214	977 530
	<hr/>	<hr/>
		(904 923)
		<hr/> <hr/>

  
JOHN P. ABBADESSA

Director, Division of Budget and Finance

  
SIGVARD EKLUND

Director General

The above statement has been examined in accordance with my directions. I have obtained all the information and explanations that I have required and I certify, as a result of the audit, that in my opinion the statement is correct.



H. PESCHAR  
External Auditor



World Tourism Organization  
Status of Funds as at 31 December 1978

(Expressed in US Dollars)

\$ \$

Operating Fund

Cash drawings from UNDP		68 348 43
IOVs and other charges (net)		<u>26 133 03</u>
		94 481 46

Deduct: Expenditure during 1977 (Balance at 1 January 1978)	9 676 66	
Expenditure during 1978 - Schedule 1		
For projects	64 588 47	
For overhead	<u>9 042 36</u>	<u>83 307 49</u>


Balance at 31 December 1978		<u><u>11 173 97</u></u>
-----------------------------	--	-------------------------

Represented by:

Cash at banks, on hand and in transit		15 398 81
Accounts receivable		<u>11 670 13</u>
		27 068 94


Deduct: Accounts payable	9 762 00	
1978 Unliquidated Obligations	<u>6 132 97</u>	<u>15 894 97</u>
		<u><u>11 173 97</u></u>

CERTIFIED CORRECT

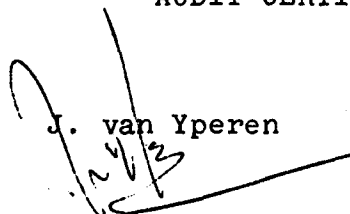
  
Eduardo Ramos-Reimundin  
Deputy Chief of the  
Administration Division

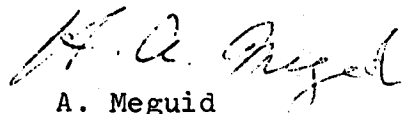


APPROVED

  
Robert C. Lonati  
Secretary-General

AUDIT CERTIFICATE

  
J. van Yperen

  
A. Meguid

ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT

RAB/74/011

PROGRAMME FOR THE IDENTIFICATION AND PREPARATION  
OF INTER-COUNTRY INVESTMENT PROJECTS AND RELATED  
FEASIBILITY STUDIES

STATEMENT OF EXPENDITURE  
1/1/1978 - 31/12/1978  
UNDP SHARE  
( IN U.S. \$ )

	Component		Amount
		m/m	
11-01	Team Leader	12	82198.55
-02	Project Economist	12	38528.12
-03	Financial Analyst	7	42167.49
-04	Project Engineer	12	87374.64
16	Other Costs		106637.96
29	Sub-Contract		237603.66
49	Equipment		5992.67
59	Micellaneous		7042.33
99	TOTAL	42	607545.42
	Admin. Expenses 14%		85056.36
	GRAND TOTAL	42	692601.78

*Bourhan Chatti*  
Bourhan Chatti

*H* Director, AFESD/UNDP Programme  
for Inter-country Investment Projects

*Talal Abu Ghazaleh*  
Talal Abu Ghazaleh & Co.  
Auditors

Executive Office

1114 Avenue of the Americas  
New York, New York 10036  
(212) 790-0500  
Telex 12267

OPINION OF INDEPENDENT AUDITORS

Asian Development Bank - Executing Agency  
for the United Nations Development Programme:

We have examined the following statement and supplemental schedule relating to funds for projects as to which the Bank is the Executing Agency for the United Nations Development Programme:

Statement I - Status of Funds as at 31 December  
1978

Schedule I - Expenditures during 1978

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying financial statement and schedule have been prepared in accordance with the format and accounting practices prescribed by United Nations Development Programme; on such basis, expenditures are recognized when obligations are incurred but allocations are recognized as a fund asset when drawn from UNDP. Accordingly, the statement is not intended to present financial position or results of operations in conformity with generally accepted accounting principles.

DP/441  
English  
Page 60

In our opinion, the accompanying statement presents fairly the status as of 31 December 1978 of funds for which the Bank is the Executing Agency for the United Nations Development Programme and the receipts and expenditures of such funds for the year then ended on the basis of accounting described in the preceding paragraph, which basis has been applied in a manner consistent with that of the preceding year, and the accompanying supplemental schedule, when considered in relation to the aforementioned statement, presents fairly in all material respects the information shown therein.

*Deloitte Haslam & Sells*

23 February 1979

United Nations Development Programme  
Asian Development Bank  
(Participating and Executing Agency)  
Status of Funds as at 31 December 1978  
(Expressed in US Dollars)

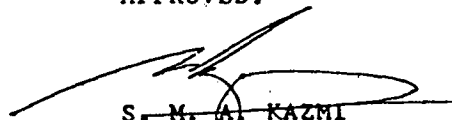
	<u>\$</u>	<u>\$</u>
<u>Operating Fund</u>		
Balance at 1 January 1978		138 725.31
Add: Cash drawings from UNDP		754 000.00
IOVs and other charges (net)		46 545.17
Miscellaneous income and exchange adjustments (net)		-
Miscellaneous items refunded to UNDP (net)		-
		<u>939 270.48</u>
Deduct: Expenditure during 1978 - Schedule 1		
For projects	850 952.17	
For overhead	<u>119 133.30</u>	<u>(970 085.47)</u>
Balance at 31 December 1978		<u>( 30 814.99)</u>
<u>Represented by:</u>		
Cash at banks, on hand and in transit		103 630.70
Accounts Receivable		<u>286 385.92</u>
		390 016.62
Deduct: Accounts Payable	89 646.23	
1978 Unliquidated Obligations	<u>331 185.38</u>	<u>(420 831.61)</u>
		<u>( 30 814.99)</u>

CERTIFIED CORRECT:



CHIA-CHING MOK  
Assistant Controller

APPROVED:



S. M. A. KAZMI  
Controller

AUDIT CERTIFICATE  
(See attachment)



1801 K STREET, N.W.  
WASHINGTON, D. C. 20006  
202-296-0800

April 30, 1979

Inter-American Development Bank  
and Board of Auditors  
United Nations

We have examined the accompanying Statement of Status of Funds and Statement of Expenditures of the Inter-American Development Bank as Executing Agency for certain projects of the United Nations Development Programme for the year ended December 31, 1978. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 2, these statements are prepared in accordance with the format and accounting practices prescribed by the United Nations Development Programme. These practices differ in some respects from generally accepted accounting principles, and accordingly, the accompanying statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. This report is intended solely for filing with the United Nations and is not intended for any other purpose.

In our opinion, the accompanying statements present fairly, in accordance with the format prescribed, the status of funds and expenditures of the Inter-American Development Bank as Executing Agency for certain projects of the United Nations Development Programme for the year ended December 31, 1978 on the basis of accounting described in Note 2, which basis has been applied in a manner consistent with that of the preceding year.

*Price Waterhouse & Co.*

INTER-AMERICAN DEVELOPMENT BANK  
AS EXECUTING AGENCY FOR CERTAIN PROJECTS  
OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

STATEMENT OF STATUS OF FUNDS  
YEAR ENDED 31 DECEMBER 1978

	<u>\$</u>	<u>\$</u>
<u>Operating Fund</u>		
Balance at 1 January 1978		(140 645)
Add: Cash drawings from UNDP	200 000	
IOVs and other charges (net)	225 337	
Miscellaneous items refunded to UNDP (net)	<u>(506)</u>	<u>424 831</u>
		284 186
Deduct: Expenditures during 1978		
For projects	(527 411)	
For overhead	<u>( 73 838)</u>	<u>(601 249)</u>
Balance (deficit) at 31 December 1978		<u>(317 063)</u>
 <u>Represented by:</u>		
Cash		328 408
Accounts receivable		4 032
Deduct: Accounts payable, including overhead entitlements not yet drawn by IADB	(410 869)	
1978 Unliquidated obligations	(239 154)	
Miscellaneous losses to be settled in future years	<u>520</u>	<u>(649 503)</u>
Balance (deficit) at 31 December 1978		<u>(317 063)</u>

/...

INTER-AMERICAN DEVELOPMENT BANK  
AS EXECUTING AGENCY FOR CERTAIN PROJECTS  
OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

NOTES TO STATEMENT OF STATUS OF FUNDS AND  
STATEMENT OF EXPENDITURE  
YEAR ENDED 31 DECEMBER 1978

Note 1 - Organization

The United Nations Development Programme (UNDP) was established to provide, among other matters, assistance to less developed countries in carrying out projects for the purpose of promoting social progress and better standards of life and for advancing economic, social and technical development. The Inter-American Development Bank (IADB) acts as Executing Agency for certain projects of UNDP.

Note 2 - Accounting Policies

The accompanying statements have been prepared in accordance with the format and policies prescribed by UNDP.

Allocations

UNDP makes contributions, or authorizes them to be made, toward the costs of the projects. Allocations are based upon estimated budgeted expenses which may or may not be directly related to costs actually incurred. The allocations include an entitlement for Agency overhead costs. At 31 December 1978 the unspent balance of allocations, which is not recorded on the accompanying statements, approximates \$700,000.

IOVs

IOVs represent charges and other transfers between the IADB, as Executing Agency, and UNDP.

Expenditures

Expenditures are recorded by project on the basis of: (a) actual 1978 disbursements; and (b) amounts payable or accrued at 31 December 1978 to the extent that such payables or unliquidated obligations when combined with actual disbursements do not exceed budgeted expenditure ceilings established by the UNDP for 1978. Amounts in excess of the ceilings are recorded as expenditures of the subsequent year.



Overhead

The IADB, as Executing Agency, provides administrative and supervisory services to the projects at no charge to UNDP except for an entitlement for Agency overhead costs. The entitlement is determined by UNDP and is based on a fixed percentage (14 per cent in 1978) of project expenditures.

Accounts Receivable

Accounts receivable represents reimbursements due from UNDP for charges to the operating fund by UNDP.

Accounts Payable and Unliquidated Obligations

In accordance with accounting requirements of UNDP, accounts payable as of 31 December 1978 includes obligations for goods and services provided in the project budget for 1977, irrespective of the date of delivery of such goods and services, and accumulated overhead entitlements not yet drawn by the IADB. Unliquidated obligations (1978) represent obligations for goods and services provided in the project budget for 1978, irrespective of the date of delivery of such goods and services.

Statement VI

UNITED NATIONS DEVELOPMENT PROGRAMME

United Nations Development Programme as an  
executing agency for its projects

Status of funds as at 31 December 1978  
(In United States dollars)

<u>1977<sup>b/</sup></u>			<u>1978</u>
-	Balance at beginning of year		(2 223 053)
25 727 628	Add: Cash drawings, inter-office voucher and other charges (net)		33 209 245
-	Miscellaneous income and exchange adjustments (net)		4 586
<u>(75 226)</u>	Miscellaneous items refunded to UNDP (net)		<u>218 104</u>
25 652 402			31 208 882
	Less: Expenditure during 1978		
	For projects:		
	Executed by the Office for Projects Execution	36 130 296	
	Executed by the United Nations Volunteers programme	217 026	
25 760 533	Executed jointly by Unit for Europe and the Economic Commission for Europe (ECE)	(Note 13) <u>112 662</u>	36 459 984 <sup>a/</sup>
	For support costs:		
	Administrative costs of the Office for Projects Execution	(Schedule 8) 1 737 068	
	Costs of support services for UNDP-executed projects	(Schedule 9) 582 459	
	Support costs paid by the Office for Projects Execution to associated agencies (net)	(Note 14) <u>115 212</u>	
<u>2 114 902</u>			<u>2 434 730<sup>a/</sup></u>
27 875 455			38 894 723
<u>(2 223 053)</u>	Balance at end of year		<u>(7 685 841)</u>
<u>(2 223 053)</u>	Represented by:		
	1978 unliquidated obligations		<u>(7 685 841)</u>

<sup>a/</sup> As shown in schedule 6.

<sup>b/</sup> See note 6.

The accompanying notes are an integral part of the financial statements.

CERTIFIED CORRECT

(Signed) W.H. ZIEHL  
Director  
Division of Finance