1. As the Administrator's proposals for revised Financial Regulations had to be finalized in time for their review by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) early in the Committee's fall 1981 session, the comments of the executing agencies could not be secured during the formulation stage of the revision. However, as soon as the document containing the Administrator's proposed revision was issued, it was made available to the agencies and the Administrator undertook to reflect comments received from them in the present addendum to DP/552.

2. Most of the comments made by the agencies were in the form of questions concerning the application of specific regulations where the wording of the regulations themselves did not require modification. In the course of formulating revised Financial Rules to be presented to the Governing Council at its twenty-ninth session, these concerns will be fully taken into account and clarified. The revised UNDP Financial Rules will be formulated in consultation with the agencies.
3. With regard to regulations 14.3 and 14.4 dealing with reporting requirements and guidelines to be formulated by the Administrator in respect of UNDP resources made available to executing agencies, UNDP and the agencies have not reached agreement. Whereas the proposed Regulations provide for the reporting requirements and guidelines to be formulated by the Administrator in "consultation with the executing agencies", the agencies maintain that the word "consultation" must be replaced by the word "agreement". In the Administrator's opinion, such a change would be inconsistent with the provisions of the Consensus (General Assembly resolution 2688 (XXV)), which sets forth that the Administrator of UNDP shall be fully responsible and accountable to the Governing Council for all phases and aspects of UNDP activities.

4. In one instance, regulation 16.1 (d), the present wording of the proposed regulation results in an erroneous requirement, i.e., that agencies must present interim accounts unaudited. Some agencies are submitting audited interim accounts, a practice UNDP would like to see continued. Thus, the final version of the UNDP Financial Regulations will include the following as regulation 16.1 (d):

"(d) Notwithstanding (b) and (c) above, executing agencies which are organizations of the United Nations system and which have adopted a biennial financial period but which do not receive audit certificates covering the accounts of the first year of the biennium shall submit interim accounts for that year. Such interim accounts may be unaudited, provided that audited accounts are submitted covering both years of the biennial financial period."