

# UNITED NATIONS DEVELOPMENT PROGRAMME



Distr.  
GENERAL

DP/1983/55/Add. 1  
13 January 1983

ORIGINAL: ENGLISH

GOVERNING COUNCIL  
Thirtieth session  
June 1983  
Agenda item 7(e)

S U P P O R T

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

AUDIT REPORTS

Addendum

Contents

	<u>Pages</u>
Summary of the status of funds of the Participating and Executing Agencies.....	3
<u>Audited accounts of the Participating and Executing Agencies and reports of External Auditors</u>	
United Nations, including United Nations Industrial Development Organization, United Nations Conference on Trade and Development, United Nations Centre for Human Settlements, Economic Commission for Africa, Economic and Social Commission for Asia and the Pacific, Economic Commission for Europe, Economic Commission for Latin America and Economic Commission for Western Asia.....	5
International Labour Organisation (the ILO).....	6
Food and Agriculture Organization of the United Nations (FAO).....	9
United Nations Educational, Scientific and Cultural Organization (UNESCO).....	23
International Civil Aviation Organization (ICAO).....	27
World Health Organization (WHO).....	31
World Bank .....	33
Universal Postal Union (UPU).....	37
International Telecommunication Union (ITU).....	43
World Meteorological Organization (WMO).....	44
International Maritime Organization (IMO) .....	47
World Intellectual Property Organization (WIPO).....	51
International Atomic Energy Agency (IAEA).....	52
World Tourism Organization (WTO).....	54
Arab Fund for Economic and Social Development (AFESD).....	56
Asian Development Bank (ASDB).....	57
Inter-American Development Bank (IADB).....	60
United Nations Development Programme (UNDP), as an executing agency for its projects.....	64

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Summary of the Status of Funds Submitted by the Participating and Executing Agencies**  
**as at 31 December 1981 (expressed in US Dollars)**

	United Nations	UNIDO	UNCDF	ECA	ESCP	ECE	ECIA	ECOA	UNCHS	ILO	IFC	UNESCO	ICPO	WHO
<b>Operating Fund</b>														
Balance at 1 January 1981	(15 052 526)	(15 634 154)	(1 609 542)	(2 567 547)	(1 012 329)	(200 478)	(233 560)	(37 311)	(10 594 584)	(6 947 801)	(12 319 439)	(11 492 121)	(9 723 340)	(669 231)
Add: Cash drawings from UNDP	71 663 627	47 454 491	8 685 769	7 728 765	4 681 541	459 825	-	170 404	6 424 903	54 974 109	106 360 086	39 303 569	34 089 963	21 565 832
IOV and other charges (net)	29 306 673	20 022 185	8 068 220	2 888 724	2 156 057	502 083	836 700	327 407	9 403 026	14 982 642	90 193 915	20 656 204	11 895 180	8 244 608
Miscellaneous income and exchange adjustments (net)	(565 205)	137 248	123 355	-	18 674	-	-	16 601	(9 003)	(288 049)	(933 267)	(283 679)	(145 625)	89 202
Miscellaneous items refunded to (by) UNDP (net)	47 190	(64 259)	(12 683)	2 695	-	-	14 342	-	-	76 179	101 692	19 218	52 032	47 515
	85 399 759	51 915 511	15 255 119	8 052 597	5 843 943	761 430	617 482	477 101	5 224 342	62 797 080	183 402 987	48 203 191	36 148 210	29 277 926
<b>Deduct: Expenditure during 1981</b>														
for projects	92 219 845	67 291 469	17 058 353	7 716 573	5 214 116	878 449	2 127 555	457 852	10 971 418	54 210 257	188 920 167	52 305 788	39 883 437	23 646 368
for programme support costs	12 805 815	9 380 067	2 389 945	1 080 320	684 131	122 983	297 857	64 100	1 535 998	7 547 163	25 044 225	7 290 010	5 565 264	3 300 384
	105 025 660	76 671 536	19 448 298	8 796 893	5 898 247	1 001 432	2 425 412	521 952	12 507 416	61 757 420	213 964 392	59 595 798	45 448 701	26 946 752
<b>Balance as at 31 December 1981</b>	<b>(19 625 901)</b>	<b>(24 756 025)</b>	<b>(4 193 179)</b>	<b>(744 296)</b>	<b>(54 304)</b>	<b>(240 002)</b>	<b>(1 807 930)</b>	<b>(44 851)</b>	<b>(7 283 074)</b>	<b>1 039 660</b>	<b>(30 561 405)</b>	<b>(11 392 607)</b>	<b>(9 300 491)</b>	<b>2 331 174</b>
<b>Represented by:</b>														
Cash at bank, on hand and in transit	2 596 752	2 576 078	644 678	1 234 391	1 591 034	-	-	485 183	490 793	11 697 229	8 777 222	3 091 512	3 269 226	-
Accounts receivable	6 875 762	5 493 857	1 089 425	-	412 821	1 000	269 287	31 832	191 484	2 944 057	7 622 217	3 506 491	4 158 929	9 320 071
	9 472 514	8 069 935	1 734 103	1 234 391	2 003 855	1 000	269 287	517 015	682 277	14 641 286	16 399 439	6 598 003	7 428 155	9 320 071
<b>Deduct: Accounts payable</b>	<b>3 174 206</b>	<b>10 062 942</b>	<b>882 389</b>	<b>242 221</b>	<b>1 144 241</b>	<b>163 932</b>	<b>1 938 164</b>	<b>484 865</b>	<b>3 072 777</b>	<b>7 451 028</b>	<b>14 988 520</b>	<b>3 630 602</b>	<b>5 456 918</b>	<b>-</b>
1981 Unliquidated Obligations	25 924 209	22 763 018	5 044 893	1 736 466	913 918	77 070	139 053	77 001	4 892 574	6 150 598	31 972 324	14 360 008	11 271 728	6 988 897
	29 098 415	32 825 960	5 927 282	1 978 687	2 058 159	241 002	2 077 217	561 866	7 965 351	13 601 626	46 960 844	17 990 610	16 728 646	6 988 897
<b>Balance as above</b>	<b>(19 625 901)</b>	<b>(24 756 025)</b>	<b>(4 193 179)</b>	<b>(744 296)</b>	<b>(54 304)</b>	<b>(240 002)</b>	<b>(1 807 930)</b>	<b>(44 851)</b>	<b>(7 283 074)</b>	<b>1 039 660</b>	<b>(30 561 405)</b>	<b>(11 392 607)</b>	<b>(9 300 491)</b>	<b>2 331 174</b>

## as at 31 December 1981 (expressed in US dollars)

Operating Fund		Balance at 1 January 1981															
		WORLD BANK	UNF	UNU	WHO	WFO	WFP	WFP	WFP	WFP	WFP	WFP	WFP	WFP	WFP	WFP	WFP
Adm. Cash drawings from UNF		(1 425 308)	(115 886)	1 653 118	(902 264)	(2 630 101)	53 090	(2 275 701)	(17 485)	(471 338)	(448 892)	(225 164)	975 870	(93 914 024)	(11 873 041)	(105 787 055)	
XIV and other charges (net)		1 089 180	2 159 089	9 542 106	4 945 957	1 479 658	228 021	1 575 862	(119 949)	(127)	166 822	12 799	5 170 261	245 693 283	-	245 693 283	
Miscellaneous income and exchange adjustments (net)		(547 033)	99 608	(771 017)	(11 588)	(21 712)	(386)	(114 449)	507	-	4 804	-	-	(3 240 993)	(14 970)	(3 255 963)	
Refuse/Laborious items returned to (by) UNF (net)		-	7 717	12 274	(3 085)	20 659	-	(1 365)	-	-	-	-	-	320 101	10 371	330 472	
Deduct: Repatriation during 1981 for projects for programme support costs		31 967 580	3 880 004	33 816 485	13 684 508	4 372 171	594 545	4 239 347	416 073	-	3 084 974	(27 385)	11 805 665	641 190 665	45 475 089	686 655 734	
		36 489 700	3 345 125	32 386 486	12 380 636	7 066 018	509 438	5 088 271	404 312	613 176	2 455 837	(51 332)	10 364 124	673 943 488	57 473 966	731 417 464	
		3 585 636	648 000	4 389 047	1 882 224	986 350	127 350	992 444	56 603	85 845	343 817	(7 187)	199 046	90 387 437	3 844 874	94 232 311	
		40 085 336	3 993 125	36 765 543	14 262 880	8 052 368	636 788	6 080 715	460 915	699 021	2 799 654	(58 519)	10 563 170	764 330 905	61 318 870	825 649 775	
Balance as at 31 December 1981		(8 117 756)	(133 121)	(2 949 058)	(578 372)	(3 680 197)	(42 243)	(1 821 368)	(44 842)	(699 021)	285 320	31 154	1 242 495	(123 140 249)	(15 843 801)	(138 984 041)	
Represented by:																	
Cash at bank, on hand and in transit		2 441 687	518 766	2 458 898	1 276 057	9 043	45 476	144 781	18 818	-	123 964	199 304	1 454 287	45 165 189	-	45 165 189	
Accounts receivable		2 083 036	140 451	794 681	942 514	225 547	14 737	309 875	9 239	-	1 144 302	-	-	47 581 625	-	47 581 625	
		4 524 723	659 217	3 253 589	2 218 580	234 590	60 213	454 656	28 057	-	1 268 266	199 304	1 454 287	92 726 814	-	92 726 814	
Deduct: Accounts payable		4 568 545	298 338	1 541 720	851 179	1 025 474	90 317	771 992	29 522	699 021	201 305	168 150	-	62 938 368	-	62 938 368	
1981 Unliquidated obligations		8 073 934	494 000	4 660 927	1 945 774	2 889 313	12 139	1 504 032	43 377	-	781 641	-	211 792	152 928 686	15 843 801	168 772 487	
Balance as above		(8 117 756)	(133 121)	(2 949 058)	(578 372)	(3 680 197)	(42 243)	(1 821 368)	(44 842)	(699 021)	285 320	31 154	1 242 495	(123 140 249)	(15 843 801)	(138 984 041)	

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 Accounting Agency for its projects form part of the UNDP Financial Report and Accounts for the year ended 31 December 1981, Statement V of document Supplement No. 5A (A/37/5/Add.1) presented to the General Assembly at its thirty-seventh session.

5/ The figures shown in respect of projects executed by Governments represent the total transactions of 93 projects executed by Governments for which financial statements have been received.

d The summary incorporates information contained in the audited financial statements of United Nations, UNIDO, UNEP, ICAV, BICAP, RCI, ICIA, BOA and UNCTAD for the twelve month period ended 31 December 1981 and which together with the audit reports and certificates in respect of these organizations are contained in document Supplement No. 5 (A/37/5) presented to the General Assembly at its thirty-seventh session.

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 FOR THE YEAR ENDED 31 DECEMBER 1981  
(EXPRESSED IN UNITED STATES DOLLARS)

	United Nations	UNIDO	UNCTAD	UNCHS	Regional commissions					Total
					Africa	Asia and the Pacific	Europe	Latin America	Western Asia	
<b>I. Statement of income and expenditure</b>										
<u>for the twelve-month period</u>										
<u>of the biennium 1980-1981</u>										
<u>ended 31 December 1981</u> <sup>a/</sup>										
Income:	105 025 660	76 671 536	19 448 298	12 507 417	8 796 893	6 143 372	1 001 432	2 425 412	521 952	232 541 972
Expenditure:	105 025 660	76 671 536	19 448 298	12 507 417	8 796 893	6 143 372	1 001 432	2 425 412	521 952	232 541 972
Excess of income over expenditure for the above period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>II. Statement of assets, liabilities and unencumbered fund balances</b>										
<u>Assets</u>										
Cash	2 596 752	2 576 078	644 678	490 793	1 234 391	1 591 034	-	-	485 183	9 618 909
Accounts receivable	1 768 002	2 265 225	919 831	142 055	-	288 796	-	269 287	31 832	5 685 028
Due from UNDP, UNFPA and UNEP for excess of expenditure over funds provided	19 625 901	24 756 025	4 193 179	7 283 074	744 296	54 304	240 002	1 807 930	44 851	58 749 562
Deferred charges and other assets	12 889 272	19 060 471	4 024 624	49 429	-	124 025	1 000	-	-	36 148 821
Unspent allocations	140 146 653	92 731 708	19 348 975	6 435 650	4 229 860	4 135 821	176 349	973 148	2 129 543	270 307 707
Interfund balances receivable	3 844 532	-	147 970	-	-	-	-	-	-	3 992 502
Due from United Nations General Fund	-	-	-	-	-	-	-	-	-	-
Total assets	<u>180 871 112</u>	<u>141 389 507</u>	<u>29 279 257</u>	<u>14 401 001</u>	<u>6 208 547</u>	<u>6 193 980</u>	<u>417 351</u>	<u>3 050 365</u>	<u>2 691 409</u>	<u>384 502 529</u>
<u>Liabilities and unencumbered fund balance</u>										
<u>Liabilities</u>										
Accounts payable	3 174 206	6 997 235	266 599	608 320	242 221	788 719	3 996	31 292	18 827	12 131 415
Unliquidated Obligations	25 924 209	22 763 018	5 044 893	4 892 574	1 736 466	913 918	77 070	139 053	77 001	61 568 202
Unliquidated Obligations for future years	11 626 044	15 831 838	4 003 000	-	-	124 025	-	-	-	31 584 907
Interfund balances payable	-	-	-	-	-	231 497	-	-	-	231 497
Due to United Nations General Fund	-	3 065 708	323 167	2 464 457	-	-	119 497	1 906 872	466 038	8 345 739
Due to special accounts for programme support costs	-	-	292 623	-	-	-	40 439	-	-	333 062
Operating Fund	-	-	-	-	-	-	-	-	-	-
Deferred Income	140 146 653	92 731 708	19 348 975	6 435 650	4 229 860	4 135 821	176 349	973 148	2 129 543	270 307 707
Total liabilities	<u>180 871 112</u>	<u>141 389 507</u>	<u>29 279 257</u>	<u>14 401 001</u>	<u>6 208 547</u>	<u>6 193 980</u>	<u>417 351</u>	<u>3 050 365</u>	<u>2 691 409</u>	<u>384 502 529</u>

<sup>a/</sup> This statement comprises information extracted from Schedule 14.3 of the financial report and audited financial statements, document No.5(A/37/5) presented to the General Assembly at its thirty-seventh session, and from Schedules 14.5 to 14.12 of the miscellaneous supplemental schedules to General Assembly document A/37/5.

UNITED NATIONS DEVELOPMENT PROGRAMME

Report of the External Auditor on the statement showing  
as at 31 December 1981 the status of funds advanced to  
the International Labour Organisation  
by the United Nations Development Programme

General

1. The Statement and supporting Schedules relating to the participation of the International Labour Organization in the United Nations Development Programme are generally in the form prescribed by UNDP. My examination of them has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organization, which included a payroll audit. I have also examined the programme and relevant reports of Internal Audit.

Statement I

2. Statement I shows the resources made available to the ILO by UNDP, and the expenditure incurred by the ILO during the 1980-1981 biennium. Schedules I and 2 show the expenditure for each year of the biennium, by source of funds and by country and project component, distinguishing between disbursements and unliquidated obligations. The total expenditure during the biennium was \$125,899,561 which is an increase of 28 per cent on the total for the preceding two years.

Project Evaluation

3. In paragraphs 20 to 22 of my report on the accounts of the ILO, I describe the new systematic project evaluation procedures being developed by the International Labour Office. UNDP projects, which account for some 50 per cent of ILO expenditure on technical co-operation, are not covered by the Office's present evaluation procedures although it has informed me that the new system may be expanded to include selected UNDP projects. I have recommended that it should eventually be extended to cover all suitable ILO projects.

### Special Public Works Programmes

4. In paragraphs 26 to 38 of my Report on the 1980-1981 Accounts of the ILO, I refer to the arrangements whereby the ILO, acting as agent for several donor countries, provides funds to countries in Africa and Asia for Government-executed labour-intensive public works programmes. UNDP provides funds for the technical assistance supporting such programmes. As the ILO has limited executive and supervisory powers, the success of these programmes depends to a large extent on the adequacy of the local Governments' financial, accounting and project monitoring procedures. The Governments of most recipient countries have experienced difficulties in complying with the financial administration requirements of the programmes. I am pleased to report that measures are now in hand to improve the standard of financial reporting in this respect. Nevertheless, I have suggested that, in programmes of this kind, steps should be taken at an early stage to establish that adequate financial accounting and control arrangements exist or will be provided to ensure that the funds made available will be properly controlled.

### Technical Co-operation

5. In paragraphs 39 to 48 of my Report on the Accounts of the ILO, I draw attention to a UNDP/ILO funded project in Africa, for a network of pre-vocational training centres. This was allowed to continue for several years beyond its originally planned duration, despite recognition of fundamental shortcomings in its administration and achievements and lack of financial support by the national Government. Remedial action has been taken and the project is to continue until September 1982, when its future will be reviewed. In my view, this case underlines the need for systematic monitoring and evaluation procedures to bring to management's early attention projects which are going astray.

6. I wish to record my appreciation of the willing co-operation of the staff of the International Labour Office during my audit.

(Signed) GORDON DOWNEY  
Comptroller and Auditor General, United Kingdom  
External Auditor

29 April 1982

STATEMENT I  
UNITED NATIONS DEVELOPMENT PROGRAMME  
INTERNATIONAL LABOUR ORGANISATION  
Status of Funds as at 31 December 1981  
(Expressed in US dollars)

<u>Operating Fund</u>		\$	\$
Balance at 1 January 1980			(4 602 875)
<u>Add:</u>			
Cash drawing from UNDP	97 656 551		
IOVs and other charges (net)	33 961 389		
Miscellaneous income and exchange adjustments (net)	(164 145)		
Miscellaneous items refunded to UNDP (net)	<u>88 301</u>	131 542 096	
			<u>126 939 221</u>
<u>Less:</u>			
Expenditure for projects (Schedule 1)	110 477 252		
For programme support costs (Schedule 1)	<u>15 422 309</u>	125 899 561	
Balance as at 31 December 1981			<u><u>1 039 660</u></u>
<u>Represented by:</u>			
Cash at banks, on hand and in transit	42 366 712		
Accounts receivable	<u>2 944 057</u>		
	45 310 769		
Less in respect of other technical co-operation activities included in the above	<u>30 669 483</u>	14 641 286	
<u>Less:</u> Accounts payable	38 120 511		
1981 Unliquidated obligations			
For projects	5 720 998		
For staff costs	<u>429 600</u>	6 150 598	
		44 271 109	
Less in respect of other technical co-operation activities	<u>30 669 483</u>	13 601 626	
		<u><u>1 039 660</u></u>	
Certified Correct:		Approved:	
		For the Director-General	
		International Labour Organization	
(Signed) J. Hunt		(Signed) F. Von Mutius	
Chief		Chief	
Budget and Finance Branch		Financial and Central	
		Administrative Services Department	

AUDIT CERTIFICATE

I have examined the above Statement and related Schedules 1 and 2. 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 schedules are correct.

(Signed) GORDON DOWNEY  
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 1981 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 schedules 1 and 2 relating to the participation of the Food and Agriculture Organization of the United Nations in the United Nations Development Programme are in the revised form prescribed by UNDP for 1981. 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 the Office of Internal Audit and Inspection.

Statement I

2. Statement I shows the resources made available to FAO for UNDP in 1981, the expenditure charged to projects during the year for goods and services, programme support costs calculated at agreed rates, and the balance of funds held by FAO at 31 December 1981. The division of expenditure between cash disbursements and unliquidated obligations is shown for the first time. Contractual commitments to be charged to projects in future years have been reported separately to UNDP.

3. Statement I is supported by Schedules 1 and 2. Schedule 1 shows the total expenditure charged to projects in 1981 by source of fund and the related programme support costs. Expenditure financed by Government Cash Counterpart Contributions is shown only in total, instead of by country and region as in previous years, and for the first time includes unliquidated obligations. Schedule 2 shows the UNDP expenditure charged to projects in each country and region during 1981.

Administration of project funds in an Asian country

4. During a visit to a least developed Asian country in October 1981, my staff noted the following matters relating to local administration of imprest funds by three FAO/UNDP projects. These give rise to a variety of suggestions for improving administrative control.

/...

(i) Cash advances

5. Cash advances were being issued to both FAO and non-FAO staff against vouchers stating that they were needed for local purchases. Most of the advances to FAO staff, amounting to some \$39,000 in the first half of 1981, were not cleared by receipted bills for the purchases but were repaid in cash, without explanation, occasionally after some delay. Although the project staff stated that the advances had been passed to Government staff for project purposes no documentary evidence of this was available. In the same period additional sums advanced, without the justification required by FAO rules, to Government staff employed by the project totalled \$13,600. These were later settled wholly or in part by the provision of goods or services for projects.

6. In reply to my enquiries, the Organization stated that various adverse factors in the country, for example the need to pre-finance Government expenditure, had necessitated a more flexible financial approach than usual; and, on the information available, they were satisfied that none of the advances had been used for personal purposes. Although I am satisfied that all the advances were repaid, I was unable, through lack of documentary evidence, to verify the justification for issuing them. I recommend that in future advances should be issued only for specific purposes and durations. In view of the risk of loss to the Organization I also recommend that advances to non-FAO staff should be confined to essential cases and be supported by written acknowledgements of debt.

(ii) Expenditure on items outside the terms of project documents

7. Fifty payments totalling some \$23,000 in a period of six months should either have been met by the Government or were outside the terms of the project documents. They included payments under an incentive scheme, negotiated locally with Government counterpart staff, which had begun in 1979 without the knowledge of FAO headquarters or UNDP. The Organization informed me that Government support for the projects had been low and that most of the payments in question had been made from project funds because they were vital to the progress of the projects. In most cases the project documents were subsequently revised to cover later payments.

8. I reiterate the comments of my predecessor in his reports on the 1976 and 1978 FAO/UNDP Accounts on the importance of the Organization continuing to ensure that project plans are based on realistic assessments of Government contributions and of what is likely to be possible in each country's circumstances. I also recommend that any changes in the financial terms of a project should be approved by FAO and UNDP and promptly reflected in revisions to the project document.

(iii) Rental of project offices

9. Offices were rented for the cotton development project referred to in paragraphs 17-26 below at a cost of some \$2,800 annually. The Government offered rent free offices before the Chief Technical Adviser (CTA) signed the lease on 8 August, having paid three months' advance rent on 15 July 1980. The CTA declined the Government offer, claiming that their offices were too small. However, my staff noted that they would have been large enough to meet the corresponding space entitlements for the Organization's headquarters staff. Even if the deposit had been lost, acceptance of the Government offer would have saved some \$1,800 in the first year and \$2,800 a year thereafter.

10. I recommend that the Organization should remind CTAs that they should decline Government-provided accommodation only in exceptional circumstances and should review periodically all cases where offices for projects are rented.

(iv) Purchase of office furniture

11. Instructions issued to field staff state that the Government concerned should provide furniture for project offices, but if this is not possible they may spend up to \$1,500 on essential items for FAO staff. My staff found that \$12,478 had been spent on furniture by three projects, one of which had also purchased furniture for Government staff. The Organization informed me that it did not consider the expenditure on furniture excessive and that some had been purchased for Government staff because they were fully integrated with the FAO staff and worked together in the same premises. However, they would remind field staff of the need to observe the \$1,500 limit, which was currently under review.

12. In view of the basic obligation of Governments to provide office furniture and the normal practice of transferring all equipment to Governments upon the termination of projects, I recommend that any furniture purchases should be kept to the minimum needed for FAO project staff.

(v) Salary Supplements

13. The Organization's rules allow CTAs, with certain restrictions, to supplement the salaries of Government staff in recognition of work performed for projects beyond their normal duties. Instructions issued by UNDP in October 1981 require supplements to be used only to meet clearly defined hardship conditions or to provide incentives for assuming substantial additional responsibilities.

/...

14. My staff noted that the Organization's rules appeared to allow time worked by Government staff in excess of their normal hours to be paid for from project funds, although this seemed to conflict with UNDP intentions. On the three projects examined, supplements amounting to \$6,120 were being paid in 1981 to 57 Government staff, including drivers, guards, peons and cleaners. In reply to my enquiries the Organization stated that its rules were being revised to accord with UNDP's instructions. It was unable to provide an estimate of the value of supplements paid globally; but in view of the substantial amounts which could be involved, I trust that the revisions to the rules will take effect quickly. I recommend that, in future, salary supplements should be accounted for separately to allow better control by FAO Headquarters.

(vi) Vehicle insurance

15. Project vehicles are normally insured by host Governments. If not, it is the Organization's policy to allow CTAs to purchase third party insurance locally from project funds. Comprehensive cover is to be purchased only in exceptional cases, but this is not made clear in the instructions to field staff. All fourteen of the vehicles held by the three projects examined were insured on a comprehensive basis from project funds, even though one of the projects had been instructed by FAO Headquarters to purchase third party insurance only. It appeared that third party insurance would have cost only some 15 per cent of the cost of comprehensive cover. The Organization informed me that comprehensive insurance had, exceptionally, been considered desirable due to the country's mountainous terrain and hazardous driving conditions. I note, however, that this view conflicts with the FAO instruction to one of the projects.

16. It seems to me desirable that the Organization's policy should be reflected in clear instructions to field staff, that where insurance is necessary because the risk is not borne by the Government, they should normally purchase only third party cover and seek Headquarters authority for proposed exceptions. The Organization has informed me that it is considering revised guidelines for field staff.

Project for the accelerated development of  
cotton production in an Asian country

17. An FAO project for the development of cash crops which had started in September 1972 concluded that cotton production was technically possible in this country but did not determine cotton's economic feasibility as a cash crop, although the collection of economic data had been one of its objectives.

/...

In July 1977 a further project was started, with an FAO/UNDP budget of \$1.5 million and a Government budget of \$0.9 million, to assist the first stages of developing cotton production by people to be resettled by the Government in a remote area of virgin forest designated for clearance. Primarily, the assistance was to be through the farming, under direct project management, of a small pilot area. Data would be compiled from the pilot scheme to ascertain the economic viability of cotton production and enable recommendations to be made on its commercial development, including the financial support needed for this. The project was also to assist cotton growing by private farmers in the surrounding area through extension work. To provide an outlet for their produce the Government was to create a cotton trading authority, known as the Cotton Development Board (CDB).

18. Although the project was due to end on 30 June 1981 it became apparent that to achieve most of its original objectives a one year extension was needed which, when approved, increased the FAO/UNDP budget to \$2,364,702. This revision of the plan identified nine objectives to be achieved, including the bringing into operation of the CDB, which had been established in December 1980 but had not become operational.

19. A review mission in December 1981 found that of the nine objectives, only that relating to the pilot area had been completed; and that, apart from a successful cotton pest control programme, this had been the project's only real achievement. It had been achieved in spite of organizational difficulties and shortages of both national and international staff. Moreover, the Government's failure to provide all the inputs specified in the project document had made it necessary, until the project document was revised, to use UNDP funds to pay for many items which were the Government's responsibility. A total of 169 tons of cotton, some 70 per cent of the target, were produced in the pilot area during the period 1977 to 1981. The Government had laid down an annual production target of 412 tons to be achieved by 1985 but the mission doubted whether half of this target could be achieved. They considered that the optimum area of cotton to be farmed under direct project management was limited and that the ultimate means of development lay in farming by resettled people.

20. In addition to the activity in the project-managed area the Government planned to resettle some 450 families to farm cotton on adjacent forest land still to be cleared. Based on an earlier land survey by the Government and a United Nations project, an FAO Consultant prepared a settlement plan which allocated to each family a lowland area for food crops and an upland area for growing cotton. The survey was found to be inaccurate, however, and the size and location of lowlands and uplands prevented implementation of the plan. This, together with some organizational difficulties within the Government, has prevented any resettlement, and consequently any cotton production, in the area.

21. One objective of the project's extension work was to increase the 120 hectares of cotton being farmed privately in 1977 to 400 hectares by 1980. In 1980, however, only 61 hectares were farmed privately, producing 17 tons of cotton, although the area had increased to 105 hectares by 1981. The Government has set a target of 400 hectares to be farmed privately by the end of 1982 and has planned for annual production by this means to reach 640 tons by 1985. However, the review mission doubted whether half of these targets could be achieved.

22. The collection of economic data was to have been conducted by an Associate Expert but this post remained unfilled and the systematic collection of data only began during the 1981/82 cotton season. The review mission considered this to be a serious omission as the project was investment-oriented with the intention of attracting international finance for long-term cotton production. The mission said that the project would need to be further extended if the necessary data were to be collected and analysed; but added that the failure so far to meet eight of the nine specified objectives threw doubt on the justification for such an extension. They prepared a draft revision, extending the project to 1 March 1983 and increasing the FAO/UNDP budget to \$2,894,520, but warned that unless a comprehensive resettlement plan for the area were agreed upon and a functional CDB brought into being there would be no purpose in extending the project.

23. The Organization informed me that the project's activities had been adversely affected by the rudimentary infrastructure in the area and by staff shortages caused by the difficult working conditions and lack of accommodation at the project site. Also, the Government had failed to meet all its obligations in the project document, although FAO was satisfied that it was taking all necessary steps to rectify this. The Organization considered that the cotton production levels in that part of the area under direct project management were commendable considering the many delays and difficulties experienced. It thought that further expansion of the areas farmed privately should be feasible if the Government acted on its advice.

24. I asked the Organization why there had been a delay since 1972 in assessing the economic feasibility of commercial cotton production and whether it considered such feasibility likely in view of the low rate of production by private farmers, many of whom apparently preferred alternative crops. FAO told me that the earlier cash crops development project was not intended to investigate the economic feasibility of cotton production. The delay in starting the collection of economic data by the cotton development project was partly due to difficulties in attracting a candidate for the Associate Expert post; in future it would not rely on Associate Experts for key project activities. It considered that cotton was an economically attractive crop for the country; and that low production levels by private farmers were due to the importance of subsistence farming (the returns from cotton being insufficient to outweigh the risks of diversification) and to the delay by the Government in establishing the purchasing and other necessary arrangements.

25. As it seemed to me that there were no clear prospects of international financing becoming available for the expansion of cotton production, I enquired whether FAO considered the proposed extension to the project at an additional cost of \$503,090 justified. The Organization told me that the Government and others were trying to secure the necessary international finance. An FAO economist and the review mission were of the opinion that cotton was an economically attractive crop and would become more so provided that the prices and purchase policies for cotton were reviewed, delivery of inputs was timely, extension services were made available, and farmers were given sufficient land to grow food as well as cash crops. The Organization considered that the proposed extension would be justified but confirmed that its approval would be conditional upon the CDB becoming operational with trading powers and upon approval of a resettlement plan for the project area. But this plan would have to await completion of a new land survey under an IBRD scheme.

26. It appears to me that there would have been little need for a further extension to this project if, despite the factors referred to in paragraph 24, the collection of economic data had begun at an earlier stage. I trust that the proposed extension will be approved only if there is a good prospect of international finance for the further development of cotton production in the area and if the Organization is fully satisfied that its conditions have been met. I recommend that in all investment-oriented projects the Organization should attach greatest importance to the collection and analysis of economic data from the earliest date possible in order to reduce the risk of funds being spent in promoting non-viable activities.

#### UNDP-funded building works in an Asian country

27. One of the objectives of a project for watershed management was to provide a headquarters building and three regional buildings for the Government department concerned. Although the project document of November 1976 stated that the headquarters building should be completed by October 1978 and the regional buildings by June 1978 at costs of \$200,000 and \$60,000 respectively, the project did not initiate action until February 1978.

28. Following an initial appraisal of 23 local architects, six were invited to enter sketch designs for headquarters building and six for the regional buildings. These were evaluated in May 1978 by a local architect who pointed out that as the headquarters building was to be sited in a dangerous earthquake zone its structure should be reinforced accordingly.

/...

### The regional buildings

29. As the estimated construction costs of all the buildings had by then risen well above the amounts in the project document, one of the regional buildings was postponed and the other two were reduced in size by a third. The architect's contract was signed on 12 April 1979 but problems over the terms of the construction contract and over the lowest tender of \$86,839 caused further delays. By the time these were settled the lowest tender had expired and the tenderer had increased his price by some 26 per cent. This was rejected and on 5 August 1980 a contract for the two buildings was placed with the next lowest tenderer at a price of \$91,503.

30. One of the buildings was largely finished by March 1981 but various matters caused both cost increases and delays in final completion before it was occupied by the Government in September 1981. Progress on the other building was also delayed and the organization agreed to an extension of the contract until mid-April 1982. The latest estimate for the total cost of the two regional buildings is \$110,394, compared with \$40,000 in the project document.

### The Headquarters building

31. The architecture contract was awarded in June 1978 and in September 1978 a UNDP civil engineer advised the project manager that the building might require special foundations. The contract required the architect to observe generally accepted professional standards, to reimburse the cost of alternative services if he defaulted and to prepare the designs on the basis of a cost of \$200,000. Although there are no minimum legal building standards in the country the architect was not required to design the building with suitable earthquake protection, despite a warning by the local architect (paragraph 28), later repeated by the UNDP engineer.

32. The construction and site development contract, signed on 11 July 1980, required completion by 1 May 1982 at a fixed price of \$366,095. The Government had undertaken to provide a clear building site, 87 tons of reinforcing rods and \$23,226 for Remote Sensing Wing. A further 62 tons of reinforcing rods were required, however, at an estimated cost of \$52,151, partly because the rods provided by the Government were insufficient due to the architect's underestimation but also because they had deteriorated through poor storage.

33. The project manager became dissatisfied with the architect's performance and the UNDP Resident Representative asked a United Nations Technical Adviser to report on the building. He reported in March 1981 that the architect's site overseer lacked sufficient experience, that some of the construction work violated sound practice and did not fully accord with specifications and drawings, and that there was inadequate site management. In a later report in May 1981 he said that the site lacked competent engineers and that there had been inconsistent and poor planning which was reflected in weaknesses in the building's structural design.



34. On 27 April 1981 the architect lodged a notice of premature termination of his contract which was accepted by the FAO Country Representative on 31 May, although FAO headquarters pointed out later that the architect should be held responsible for any extra costs due to his default. Meanwhile, on 30 April 1981 the builder was instructed to stop work and another architect was requested to review the design. This review indicated the need for substantial structural changes entailing partial demolition of the building at a cost of \$3,064. The architect who made the review has now been engaged by FAO to complete the architectural arrangements for the building for a fee of \$17,074. The Organization has also employed a clerk of works since July 1981 to ensure adequate site supervision. The Organization's legal counsel has advised that a claim for compensation from the architect for delays and default on his part cannot easily be sustained.

35. In July 1981 the builder claimed compensation for extra costs caused by delays and other matters beyond his control. The contract is being amended to take account of this as well as the costs of demolition and other additional work and inflation. The latest estimate for the total cost of the headquarters building is \$551,800, excluding the Government's contribution of \$23,226 compared with the provision of \$200,000 in the project document. This estimate is still under review.

36. In reply to my enquiries on the headquarters and regional buildings the Organization informed me that the task of building work had been made difficult by low levels of technology, a low level of Government financial support and an underdeveloped infrastructure in the country. The delays had been caused by factors mainly outside the Organization's control, such as the Government meeting its commitments either late or not at all, the use of new procedures in keeping with the policy of "New Dimensions" by making full use of local firms, slow communication services with Rome and the delayed replacement of the first project manager who had unexpectedly resigned. These delays had led to cost increases and had been exacerbated by the long and difficult journeys necessary for some of the building materials. The Organization attributed the initial delay partly to shortage and uncertainty of funds due to a UNDP financial crisis at the time, although I note that the project's budget would have afforded sufficient funds to initiate action earlier than February 1978. The Organization now considered that the original provision in the project document of \$240,000 for the headquarters building and the two regional buildings had been inadequate; and since then there had been substantial increases in construction costs.

/...

37. It appeared to me that the considerable delays and problems in the construction of the buildings for this project could have been lessened by more efficient local management with adequate technical expertise. I therefore sought the Organization's assurance that such expertise would be made available locally in future. The Organization told me that under the "New Dimensions" there would be increasing use of national personnel but, where weaknesses were identified, specialists would be provided, perhaps through consultancies. I recommend that in all cases where the Organization engages in operations largely outside its normal sphere of activity, they should either, as they propose, ensure that they employ the necessary technical expertise at the scene of operations; or subcontract the work to a more appropriate Executing Agency or the Government concerned.

#### Use of airfreight to transport equipment to field projects

38. As a test examination by my staff of purchases of field equipment by both FAO headquarters and field staff indicated that equipment was being delivered to projects by air more frequently than by surface transport, the Organization analysed, at my request, the 576 headquarters purchase orders and 952 field purchase orders paid during the first four months of 1981. The analysis showed that airfreight had been used for 56 per cent of the headquarters purchase orders and 72 per cent of the field purchase orders. In the case of the field purchase orders, the transport charges equalled 35 per cent of the basic values of the goods purchased where airfreight was used but only 16 per cent where surface transport was used. The analysis of headquarters purchase orders disclosed a similar, though less marked, pattern.

39. In view of the considerably higher cost of airfreight, I asked whether the Organization would take steps to increase the use of surface freight. It agreed that, although there were often acceptable reasons for the use of airfreight, it may have been used excessively, at least in connexion with orders placed by field staff. It has since instructed the headquarters branch responsible for purchases to authorize airfreight only when sound justification is provided on requisitions, and it has requested field staff to limit its use to urgent cases only.

40. I welcome these efforts to reduce the cost of transporting equipment to field projects and recommend that purchases are periodically reviewed to ensure that the use of airfreight continues to be limited as far as possible.

#### Losses, etc.

41. I have examined the compensation payments, losses and write-offs listed in annex I to the Director-General's report. The large compensation payments and losses of project equipment are mainly due to the continuing settlement of outstanding claims and notification of losses which arose from the conditions during 1979 in the three countries referred to in my predecessor's report on the 1979 FAO/UNDP Account.

42. I have also examined the Organization's claims against the shipping and insurance companies referred to in paragraph 11 of the Director-General's report. In addition to the sum of \$717,861 mentioned by the Director-General, costs in respect of legal fees and incidental expenses amounting to some \$28,500 will be charged to the project (UNDP/KAM/72/030). The incidence of further costs will depend on the outcome of current legal proceedings.

Summary of finding and recommendations

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

1. Administration of project funds in an Asian Country

An examination of the general administration of funds held by three UNDP projects visited by my staff in a least developed Asian country brought to notice a number of weaknesses regarding advances of cash to project staff, expenditure on items outside the terms of the project documents, the renting of project offices, the purchase of office furniture, the payment of supplements to the salaries of Government staff and the insurance of project vehicles. My recommendations are:

- (i) That cash advances should be issued only for specific purposes and durations; also that advances to non-FAO staff should be confined to essential cases and supported by written acknowledgements of debt;
- (ii) That any changes in the financial terms of a project should be approved by FAO headquarters and UNDP and promptly reflected in revisions to the project document;
- (iii) That the Organization should remind field staff that they should decline Government-provided accommodation only in exceptional circumstances and should review periodically all cases where offices for projects are rented;
- (iv) That any furniture purchases for projects should be kept to the minimum needed for FAO project staff;
- (v) That impending revisions to the rules relating to the payment of salary supplements to Government staff should take effect quickly; and that in future salary supplements should be accounted for separately to allow better control by FAO headquarters;
- (vi) That in view of the responsibilities of Governments to provide insurance cover, clear instructions are issued to field staff to insure project vehicles only where this is necessary; and if they do so, normally to purchase only third party cover.

2. Project for the accelerated development of Cotton Production in an Asian country

The project was to assist the first stage of the development of cotton production by people who were to be resettled in a remote area, primarily through the direct farming of a small pilot area as a basis for assessing the investment potential of cotton production on a commercial scale. The Organization has experienced many difficulties, some of which were outside its control, and the economic feasibility of cotton production has yet to be determined. In my opinion, this remains doubtful in the light of failure to achieve production targets. Many of the project's objectives have not yet been achieved and a further extension of eight months has been proposed at a cost of \$503,090. I consider that the need for this could have been avoided if economic data had been collected and assessed at an early stage. I trust that the extension will be approved only if there is a good prospect of international finance for further development and if other prerequisites are met. I recommend that in all investment-oriented projects the organization should attach the greatest importance to the compilation of economic data from the earliest date possible, in order to reduce the risk of funds being spent in promoting non-viable activities.

3. UNDP-Funded Building Works in an Asian Country

Two regional buildings and one headquarters building were to be provided by June and October 1978, respectively, at a total cost of \$240,000, according to the project document. Only one of the regional buildings has so far been completed and the total cost of the three buildings is now estimated at \$662,194. In the case of the headquarters building, the architect proved unsatisfactory and resigned, the building had to be partially demolished as its structure did not incorporate the necessary earthquake protection, and the Organization is considering claiming compensation from the architect. The Organization considers that the delays and cost increases were largely due to factors outside its control and that the original cost estimates were inadequate. I recommend that when FAO operates largely outside its normal sphere of activity, it should either, as it proposes, ensure that it employs the necessary technical expertise at the scene of operations; or subcontract the operations to a more appropriate executing agency or the Government concerned.

4. Use of Airfreight to transport Equipment to FAO/UNDP Field Projects

The conclusion from a test check by my staff that airfreight was used more frequently than surface freight was confirmed in an analysis of purchase orders by the Organization. It has taken steps to reduce as far as possible the use of airfreight. I recommend that periodic reviews are made to ensure that these measures are effective.

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

(Signed) GORDON DOWNEY  
(Comptroller and Auditor General, United Kingdom)  
External Auditor

14 May 1982

/...

STATEMENT I  
UNITED NATIONS DEVELOPMENT PROGRAMME  
FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS  
Status of Funds at 31 December 1981  
(Expressed in US dollars)

OPERATING FUND

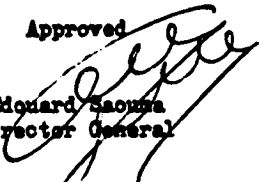
	\$	\$
Balance at 1 January 1981		(12 319 439)
Add: Cash drawings from UNDP		106 360 086
IOVs and other charges (net)		90 193 915
Miscellaneous income and exchange adjustments (net)		(933 267)
Miscellaneous items refunded to UNDP (net)		101 692
		<u>183 402 987</u>
Less: Expenditure during 1981		
For projects		
Disbursements (Schedule 1)	156 947 843	
Unliquidated obligations (Schedule 1)	31 972 324	
For programme support costs (Schedule 1)	<u>25 044 225</u>	<u>213 964 392</u>
Balance at 31 December 1981		<u><u>(30 561 405)</u></u>
<u>Represented by:</u>		
Cash at banks, on hand and in transit		8 777 222
Accounts receivable		<u>7 622 217</u>
		16 399 439
Less: Accounts payable	14 988 520	
1981 Unliquidated obligations	<u>31 972 324</u>	<u>46 960 844</u>
		<u><u>(30 561 405)</u></u>

Certified correct

  
G. Hoornweg  
Director

Financial Services Division

Approved

  
Edouard Saouma  
Director General

I have examined the above Statement and Schedules 1 and 2. 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 Schedules 1 and 2 are correct.

  
Gordon Downey

Gordon Downey  
(Comptroller and Auditor General, United Kingdom)  
External Auditor

114 MAY 1982

UNITED NATIONS DEVELOPMENT PROGRAMME

Report of the External Auditor on the statement showing  
as at 31 December 1981 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. 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 internal audit reports.

Statement I

2. Statement I shows the resources made available to UNESCO by UNDP in 1981, charges to projects during the year for goods and services and for programme support costs at agreed rates, and the balance of funds held by UNESCO at 31 December 1981. Statement I is supported by two Schedules: Schedule I showing aggregate expenditure by source of funds and programme support costs; and Schedule 2 showing expenditure by country distinguishing between disbursements and unliquidated obligations.

3. During 1981, my staff, continuing their programme of looking at UNESCO's activities region by region, examined the approved project documents and project reports for a number of field projects in Asia, and visited the region.

Recruitment of UNDP field experts

4. During their examination of the Asian region, my staff visited a UNDP-financed project for strengthening educational radio for schools. The project document provided for a Chief Technical Adviser (CTA) and three other international experts to be employed in the field, but as a result of delays in recruitment beyond the dates set in the relevant project documents, only 9 of the 50 man-months input expected by the end of 1981 had been achieved. Further examination disclosed that, in October 1981, only 11 of the 27 field posts needing to be filled in the region during 1981 had been filled, although candidates for a further 3 posts had been identified. At that time, the average delay in filling the 27 posts was just over 12 months.

5. My staff then examined whether the Bureau of Personnel's (PER) recruitment procedures might have contributed to the recruitment delays. They noted two possible causes of delay. First, the initial stage of recruitment requires the project officer to prepare a job description; and in many cases, PER received the job descriptions too late to permit the timely recruitment of the expert. Second, candidates for field posts are generally chosen from recommendations by Member States or from details of possible candidates maintained by the Roster Section of PER. Candidates put forward by Roster are identified by computer interrogation of information from the candidates' personal files. The file for each identified candidate is then withdrawn and evaluated, and a shortlist, usually of 3 candidates, is submitted to the Government. Only when a decision is reached are the files of shortlisted candidates returned to Roster. Candidates' files may therefore be unavailable for long periods, thus delaying the selection procedures for any other posts for which the candidates have been put forward.

6. Since effective recruitment is crucial to successful project implementation, I asked the Organization whether, in view of the recruitment delays my staff had noted, they were satisfied that the initial project timetables were realistically drawn up; whether they would take steps to speed up preparation of job descriptions; and whether they would make greater use of the computer in various ways to streamline the administration of recruitment processes.

7. The Organization informed me that many of the recruitment delays in the Asian Region were attributable to the Governments themselves. In some cases, they had rejected candidates; in some, they had requested suspension of recruitment while the possibility of a consultancy was considered, and in others they had been slow to notify their decisions. In addition, the candidates themselves could not always take up duty immediately; delays for this reason averaged some five months.

8. The Organization considered that its initial project phasing was as realistic as possible in the face of unforeseeable delays by Governments. It had recognized that its recruitment procedures could be improved, however, and was in the process of engaging a consultant to advise it when my staff made their visit to Asia. Most of the suggestions made by my staff and by the consultant were being implemented. The preparation of job descriptions could be accelerated by increasing co-operation between field project officers and PER at an earlier stage. The roster was being reviewed systematically to update the information stored on the computer and to ensure that the roster contained candidates who met the appropriate needs, particularly in new specialized fields. The Organization also confirmed that plans existed to introduce a computerized recruitment procedure which would reduce the time required to make an appointment and permit closer collaboration with project officers.

9. I welcome the steps being taken by UNESCO to make its recruitment procedures more efficient and trust that this will lead to improvement in the implementation and effectiveness of projects as well as reducing recruitment costs.



Non-Receipt of UNDP Project Progress Reports

10. My staff also visited two UNDP-financed projects in the Asian region which, although executed by UNESCO, did not have a resident UNESCO expert. The day-to-day running of the projects rested with national project directors with technical support from the Regional Office and international consultants. In the absence of a resident UNESCO representative, the six-monthly progress reports required to monitor project progress should normally be prepared by the national project directors. My staff observed that the progress reports on these two projects were overdue and further examination within UNESCO in January 1982 showed that, of 31 similar projects in various regions, 12 had progress reports overdue for more than six months, after allowing for the administrative time required to produce the reports. Two reports have since been received.

11. As there appeared to be an increase in projects of this type, and as it is essential that reports are submitted punctually if problems are to be identified and remedial action taken promptly, I asked the Organization what steps it was taking to help ensure punctual submission. The Organization informed me that in such cases it usually asked UNDP Resident Representatives to help obtain the progress reports and this had usually proved effective. The Organization agreed that the six-monthly reports were particularly important for projects with no resident UNESCO staff and said that it intended to intensify its efforts to obtain these reports through UNDP Resident Representatives, through Regional Offices or through programme staff at Headquarters who were in close contact with national project directors. I welcome the Organization's determination to expedite these reports and trust that any resulting improvement will be maintained.

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

28 May 1982

(Signed) GORDON DOWNEY  
Comptroller and Auditor General, United Kingdom  
External Auditor

/...

## STATEMENT I

United Nations Development Programme

(Participating and Executing Agency: UNESCO )

Status of Funds as at 31 December 1981

(Expressed in US Dollars)

	\$	\$
<u>Operating Fund</u>		
Balance at 1 January 1981		(11 492 121)
<u>Add:</u> Cash drawings from UNDP		39 303 569
IOVs and other charges (net)		20 656 204
Miscellaneous income and exchange adjustments (net)		(283 679)
Miscellaneous items refunded to UNDP (net)		19 218
		<hr/> 48 203 191
<u>Less:</u> Expenditure during 1981		
For Projects		
Disbursements (Schedule 1)	37 945 780	
Unliquidated Obligations (Schedule 1)	14 360 008	
	<hr/> 52 305 788	
For Programme Support Costs (Schedule 1)	7 290 010	
	<hr/> 59 595 798	
Balance at 31 December 1981		<hr/> (11 392 607)
Represented by:		
Cash at banks, on hand and in transit		3 091 512
Accounts receivable		3 506 491
		<hr/> 6 598 003
<u>Less:</u> Accounts payable	3 630 602	
1981 Unliquidated obligations	14 360 008	
	<hr/> 17 990 610	
		<hr/> (11 392 607)

Certified correct

Approved

*Gilles de Leiris*  
Gilles de Leiris  
Comptroller

*A. A. M'Bow*  
Amadou-Mahtar M'Bow  
Director-General

## AUDIT CERTIFICATE

I have examined the above Statement and related Schedules 1 and 2. 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 Schedules 1 and 2 are correct.

*Gordon Downey*  
Gordon Downey  
(Comptroller and Auditor General,  
United Kingdom)  
External Auditor

28 MAY 1982

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**INTERNATIONAL CIVIL AVIATION ORGANIZATION**  
Status of Funds as at 31 December 1981

(in United States Dollars)

**OPERATING FUND**

	1 9 8 1	1 9 8 0
Balance at beginning of year	(9 723 340)	(13 786 946)
Add: Cash drawings from UNDP	34 069 963	33 820 810
UNDP inter-office vouchers and other charges (net)	11 895 180	11 634 368
Miscellaneous income and exchange adjustments (net)	(145 625)	4 071
Miscellaneous items to be refunded to UNDP (net)	52 032	7 744
	45 871 550	45 466 993
	36 148 210	31 680 047
Deduct: Expenditures during the year (Schedules E,F,G)		
For projects		
Disbursements	28 611 709	26 168 545
Unliquidated obligations	11 271 728	10 156 175
For programme support costs	5 565 264	5 078 667
	45 448 701	41 403 387
Balance at end of year	(9 300 491)	(9 723 340)

**REPRESENTED BY:**

Cash in banks, on hand and in transit	2 469 226	1 889 804
Fixed term deposits and accrued interest	800 000	2 000 959
Due from other Funds:		
AOSC Fund	640 668	-
Termination Payment Fund	-	17 584
Governments' Trust Fund accounts	880 620	462 850
UN/UNDP Trust Fund - Lesotho	33 537	40 749
UN/UNDP Trust Fund - Botswana	-	19 300
UN/UNDP Trust Fund - Namibia	13 693	-
UN/UNDP Trust Fund - Swaziland	8 600	-
Accounts receivable and sundry debit balances	1 577 118	540 483
	2 581 811	1 949 119
	7 428 155	6 380 365
Less: Due to other Funds:		
AOSC Fund	-	858 500
ICAO General Fund	258 253	43
Termination Payment Fund	89 385	-
Governments' Trust Fund accounts	139 785	126 785
Accounts payable and sundry credit balances	487 423	985 328
Unliquidated obligations - current year	4 969 495	4 962 202
	11 271 728	10 156 175
	16 728 646	16 103 705
	(9 300 491)	(9 723 340)

Certified correct

  
I.C. Boga  
Chief, Finance Branch

Approved:

  
Yves Lambert  
Secretary General

UNITED NATIONS DEVELOPMENT PROGRAMME

INTERNATIONAL CIVIL AVIATION ORGANIZATION

Notes to the Statement of Status of Funds

(Statement VII)

31 December 1981

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 costs incurred for fellowships to the end of the year.
- for sub-contracts: on the basis of the payment schedule included in the contract with the sub-contractor.

c) Programme Support Costs

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

3. Change in Accounting Policy

a) Training Expenditures

In 1980, training expenditures were recorded in the accounts on the basis of fellowships awarded, up to a maximum of twelve months. In 1981, in accordance with UNDP instructions, training expenditures were recorded on the basis of costs incurred to the end of the year.


b) Effect on Expenditures because of Change in Accounting Policy

The above change has the effect of reducing project expenditures in 1981 by an estimated \$2,600,000 and programme support costs by \$364,000. In accordance with UNDP instructions, this change in accounting policy has not been applied retroactively.

- - - - -

### 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 relevant schedules for the financial period ended 31 December 1981. 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 the examination, I am of the opinion that the accompanying statement properly reflects the recorded financial transactions for the financial period, 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 1981, in conformity with the accounting policies described in Note 2. These policies were applied on a basis consistent with that of the preceding financial period, except for a change in the accounting policy for training expenditures referred to in Note 3.

  
.....  
Kenneth M. Dye, F.C.A.  
(Auditor General of Canada)  
External Auditor

14 May 1982

## UNITED NATIONS DEVELOPMENT PROGRAMME

Report of the External Auditor on the statement showing  
as at 31 December 1981 the status of funds advanced to  
the World Health Organization  
by the United Nations Development Programme

General

1. My audit of the Statement and supporting Schedules relating to the participation of the World Health Organization in the United Nations Development Programme has been carried out in accordance with the Financial Regulations of WHO and UNDP. It included a general review of the accounting procedures and such tests of the accounting records as I considered necessary, and was performed in conjunction with my audit of the regular budget and subsidiary funds of the Organization. I have also examined the relevant internal audit reports.

2. Statement I shows that the resources made available to WHO by UNDP for 1980-1981 were \$55,257,190 and that expenditure incurred by WHO during the period on goods and services for projects was \$46,441,602. Programme Support Costs (overheads) charged at agreed rates amounted to \$6,484,414 making total expenditure by WHO on UNDP's behalf of \$52,926,016. Unliquidated obligations at 31 December 1981 totalled \$7,817,541 as noted on Schedule 1. At the end of the year WHO held a balance for UNDP of \$2,331,174.

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

(Signed) GORDON DOWNEY  
(Comptroller and Auditor General  
United Kingdom)  
External Auditor

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME  
WORLD HEALTH ORGANIZATION

Status of Funds for the financial period 1 January 1980 - 31 December 1981  
(expressed in US dollars)

OPERATING FUND

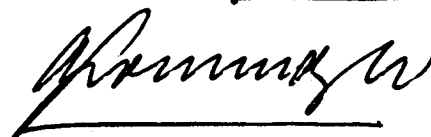
Balance at 1 January 1980 . . . . .		631 384
<u>Add:</u>		
Cash drawings from UNDP . . . . .	39 758 488	
Inter-office vouchers and other charges (net) . . . . .	14 772 347	
Miscellaneous income and exchange adjustments (net) . . . . .	17 979	
Miscellaneous items refunded to UNDP (net) . . . . .	76 992	
		<u>55 257 190</u>
<u>Deduct:</u>		
Expenditure during 1980-1981 (Schedule 1)		
For projects . . . . .	46 441 602	
For support costs . . . . .	6 484 414	
		<u>52 926 016</u>
Balance at 31 December 1981 . . . . .		<u><u>2 331 174</u></u>
<u>Represented by:</u>		
Accounts receivable (due by WHO) . . . . .		<u><u>2 331 174</u></u>

CERTIFIED CORRECT



René M. Marti  
Chief, Accounts

APPROVED



Arie Groenendijk  
Director, Budget and Finance

*At* 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.



Gordon Downey, C.B.  
(Comptroller and Auditor General, United Kingdom)  
External Auditor





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

June 8, 1982

International Bank for Reconstruction  
and Development  
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 International Bank for Reconstruction and Development as Executing Agency for certain United Nations Development Programme projects for the year ended December 31, 1981. 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 respect 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 International Bank for Reconstruction and Development as Executing Agency for certain United Nations Development Programme projects for the year ended December 31, 1981, on a basis of accounting described in Note 2, which basis has been applied in a manner consistent with that of the preceding year.

A handwritten signature in cursive script that reads "Price Waterhouse".

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME  
EXECUTING AGENCY: INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
STATUS OF FUNDS  
YEAR ENDED DECEMBER 31, 1981  
(Expressed in U.S. dollars)

Operating Fund

Balance as at December 31, 1980 \$(1 425 308)

Add:

Cash drawings from UNDP	\$32 890 761	
Other charges (net)	208 759	
Inter-office voucher charges	840 401	
Miscellaneous income and exchange adjustments (net)	(547 033)	33 392 888
		<hr/> 31 967 580

Deduct:

Expenditures during 1981 (Statement III)		
For projects	36 489 700	
For overhead	3 595 636	40 085 336
		<hr/>

Balance as at December 31, 1981 \$(8 117 756)

Represented by:

Cash at banks and in transit	\$ 2 441 687
Accounts receivable	2 083 036
	<hr/> 4 524 723

Deduct:

Accounts payable	\$ 4 568 545	
1981 unliquidated obligations	8 073 934	12 642 479
		<hr/>
		<hr/> \$(8 117 756)

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
Executing agency for  
certain United Nations Development Programme projects

Notes to Financial Statements  
31 DECEMBER 1981

Note I - 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 (1) assisting Governments with the improvement of their own capabilities (institution-building); (2) surveys for improved use of physical resources; and (3) analyses of national economic sectors (such as transport and power), which in turn serve as bases for formulating coordinated investment programmes, defining investment priorities and preparation of specific projects.

Note 2 - Accounting policies

The accounts and records of the International Bank for Reconstruction and Development (IBRD), 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 1981, \$46,047,788 in net allocations were issued by UNDP and \$36,489,700 in allocations were utilized for project expenditures, leaving a cumulative unspent balance at 31 December 1981 of \$76,126,927.

In most cases the countries receiving assistance also make contributions toward 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 IBRD 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 1981 unliquidated obligations

Expenditures are recorded by project on the basis of approved budgets to include (1) actual disbursements relating to the current year; and (2) unliquidated obligations at 31 December 1981. 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 1981. Amounts which were not recorded in 1981 due to this limitation will be recorded as expenditures in 1982. 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 IBRD of the equivalent of \$5,927,177 for services and other costs of its staff members assigned to UNDP projects and of \$3,595,636 as a reimbursement to the IBRD for overhead costs incurred in the performance of its duties as executing agency.

Unliquidated obligations represent amounts accrued or payable for items purchased or services rendered in connection with the projects for 1981, but for which payment was not made prior to 31 December 1981. Accounts payable includes prior years' unliquidated obligations which were still unpaid at 31 December 1981. Additionally, accounts payable at 31 December 1981 includes amounts due to the IBRD for reimbursement of expenditures and the balance of overhead for 1981.

Other

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

The IBRD, 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 Governments' cash counterpart contributions, certain Government cost sharing funds, and for certain other projects for which the IBRD has agreed to waive the overhead requirement.

STATEMENT I

United Nations Development Programme

Status of funds as at 31 December 1981 (Expressed in US dollars)

<u>Operating Fund</u>	<u>\$</u>	<u>\$</u>
Balance at 1 January 1981		- (115 886.01)
Add: Cash drawings from UNDP		1 749 474.78
IOVs and other charges (net)		2 159 089.30
Miscellaneous income and exchange adjustments (net)		59 609.38
Miscellaneous items refunded to UNDP (net)		7 717.09
		<u>3 860 004.54</u>
Less: Expenditure during 1981		
For projects		
Disbursements (Schedule 1)	2 851 125.00	
Unliquidated obligations (Schedule 1)	494 000.00	
For programme support costs (Schedule 1)	<u>648 000.00</u>	<u>3 993 125.00</u>
Balance at 31 December 1981		<u>(133 120.46)</u> =====
Represented by:		
Cash at banks, on hand and in transit		518 766.38
Accounts receivable		<u>140 451.09</u>
		659 217.47
Less: Accounts payable	298 337.93	
1981 unliquidated obligations	<u>494 000.00</u>	<u>792 337.93</u> =====

Certified correct:

*G. BENEY*  
G. BENEY  
Head, Finance Section

Approved:

*M. I. Sobhi*  
M.I. SOBHI  
Director-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.

Date: Bern, 22nd April, 1982

W. FREI  
Deputy Director  
Swiss Federal Audit Office  
External Auditor

*W. Frei*

1 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 Regulations and Rules of the United Nations Development Programme, I have, as external auditor appointed by the Government of the Swiss Confederation, examined the Technical Cooperation project accounts drawn up at 31 December 1981, at the headquarters of the International Bureau of the UPU in Berne.

1.2 Nature and scope of the audit

The audit covered the movements of the receipts and expenditure accounts and the balance-sheet accounts during financial year 1981 (United Nations Development Programme projects, projects in association with the ITU, Funds-in-Trust of Japan and the Federal Republic of Germany, Technical assistance project against payment of Saudi Arabia), the balance-sheet values at 31 December 1981 and the relevant financial statements. My audit was conducted in conformity with generally accepted common auditing standards and in accordance with the additional terms of reference annexed to the UPU Financial Regulations.

1.3 Information received

For my audit work, I had a duplicated document dated 22 February 1982 concerning the receipts and expenditure and the balance-sheet of financial year 1981, various accounting books and supporting vouchers concerning the transactions placed to account. I should like to express my appreciation of the helpfulness shown by all the UPU officials whom I approached in providing me with the information I required to carry out my task. Mr G Beney, Counsellor, Head of the Finance Section, has been informed of the results of the audit.

2 ACCOUNTS OF RECEIPTS AND EXPENDITURE IN 1981

2.1 The transactions of financial year 1981 are as follows:

2.11 United Nations Development Programme (UNDP-IPF/LDC)

	<u>Expenditure</u> <u>US dollars</u>	<u>Receipts</u> <u>US dollars</u>
1 <u>UPU projects</u>		
<u>Allocations for projects:</u>		
Balance of allocations not used at 1 January 1981		4 513 680.00
Allocations made in 1981 (net)		<u>3 972 950.00</u>
Total allocations for 1981 to 1985 (carried forward)		8 486 630.00

	<u>Expenditure</u> <u>US dollars</u>	<u>Receipts</u> <u>US dollars</u>
Brought forward:		8 486 630.00
<u>Allocation for overheads:</u>		
Allocations made in 1981		648 000.00
<u>Receipts:</u>		
Sundry receipts	9 869.99	
Exchange adjustments	<u>57 456.48</u>	<u>67 326.47</u>
<u>Expenditure:</u>		
Expenditure on projects in 1981	3 345 125.00	
Overheads	<u>648 000.00</u>	
	3 993 125.00	9 201 956.47
Surplus receipts	<u>5 208 831.47</u>	
	<u>9 201 956.47</u>	<u>9 201 956.47</u>
	=====	=====
Surplus as above		5 208 831.47
<u>To be credited to the UNDP:</u>		
Amount of sundry receipts	67 326.47	
<u>Allocations not used at</u> <u>31 December 1981</u>		
to be carried forward to 1982 - IPF	5 107 591.00	
- LDC	<u>33 914.00</u>	
	5 208 831.47	5 208 831.47
	=====	=====

2 Accounts of projects in association  
with the ITU

UNDP payments on behalf of the ITU		14 285.34
Expenditure on projects in 1981	12 531.00	
Overheads (14%)	<u>1 754.34</u>	
	<u>14 285.34</u>	<u>14 285.34</u>
	=====	=====

## 2.2 Overheads on expenditure on UNDP projects

In accordance with the entries in the Technical Cooperation accounting, the UPU has debited the following overheads to the UNDP:

	<u>US dollars</u>
- 14 percent of the 3 345 125 dollars representing expenditure on UPU projects	468 317.50
- Amount used of the flexibility allowance granted by the UNDP	<u>179 682.50</u>
Total overheads	<u>648 000.00</u> =====

The flexibility allowance granted by the UNDP in accordance with its letter of 26 March 1981 to the UPU was not allowed to exceed a maximum of 200 000 US dollars.

Overheads thus accounted for 19.4 percent of total expenditure on the projects (previous year: 15.3 percent).

## 2.3 UNDP IPF AND LDC allocations for UPU projects

I noted the following difference between the IPF allocations made by the UNDP for 1981 and the ones placed in the Technical Cooperation accounts by the UPU:

	<u>US dollars</u>	<u>US dollars</u>
- Allocations according to the UPU		
Balance in accounts at 1 January 1981		4 513 680.00
Allocations made in 1981 for later years		<u>3 972 950.00</u>
Allocations at 31 December 1981 according to the UPU		8 486 630.00
- Allocations by the UNDP according to "Approved programme - Status of allocation by Agency/Reported changes between 12/80 and 12/81 as of 31 December 1981":		
1981	4 021 437.00	
1982	1 701 086.00	
1983	505 680.00	
1984	44 080.00	
1985	<u>14 000.00</u>	<u>6 286 283.00</u>
<u>Difference</u>		<u>2 200 347.00</u> =====



I was assured that this difference would be eliminated either by adjusting the amounts in the internal documents or by requesting the necessary allocations.

3 BALANCE-SHEET AT 31 DECEMBER 1981

3.1 I have verified the items in the balance-sheet as given in the annex to this report; the various items have been duly justified by the supporting documents I have consulted. I can confirm that the figures concerning the current account with the UNDP corresponded with those mentioned by the UNDP in the "Operating Fund Statement at 31 December 1981 (OFS No. UNDP/81-05)" and in the "Status of Allocation by Agency".

3.2 Liquid assets

The balances of the bank and giro accounts at 31 December 1981 were audited on the basis of the statements or attestations submitted to me.

US dollars

3.3 Transitory accounts

3.31 Transitory assets

Balance according to balance sheet at 31 December 1981 138 491.33

This amount breaks down as follows:

- Advances to experts	45 194.61
- Insurance premiums, to be apportioned in 1982	25 407.10
- Balance of the UPU/SF current account	13 545.28
- Balance of the current account with the UPU International Bureau	22 280.51
- Sundry	<u>32 063.83</u>

Total as above 138 491.33

3.32 Transitory liabilities

Balance according to balance-sheet at 31 December 1981 174 696.06

This amount represents:

- Payments due to experts by the insurance company	375.18
- IOV's receivable	90 535.23
- Sundry	<u>83 785.65</u>

Total as above 174 696.06

**3.4    1981 outstanding obligations**

The opening of this account is based on UNDP instructions contained in its letter of 10 November 1977 (UNDP/PROG/HQTRS/111).

The 1981 outstanding obligations break down as follows:

	<u>US dollars</u>
- Experts	179 350.00
- Fellowships	258 980.00
- Equipment	53 240.00
- Sundry	<u>2 430.00</u>
Total 1981 outstanding obligations carried forward to 1982 (according to Statement I)	494 000.00 *****

**4       ATTESTATION**

4.1    I have examined the accounts and financial statements of the Technical Cooperation projects, kept in United States of America dollars by the International Bureau of the Universal Postal Union in Berne for the financial year ending on 31 December 1981. I have obtained all the necessary information and explanations and I certify, as a result of this audit, that in my opinion the financial statements are correct, bearing in mind some overlapping mentioned in paragraph 2.3 of this report.

4.2    In addition, I specify that I have also attested the following documents

- Statement of funds available to the UPU under technical assistance programmes other than those of the UPU Special Fund, position at 31 December 1981
- UNDP - Statement I - Status of Funds as at 31 December 1981
- Funds-in-trust of Japan for an associate expert, position on 31 December 1981
- Funds-in-trust of the Federal Republic of Germany for two associate experts, position at 31 December 1981
- Assistance against payment, Project of Saudi Arabia, position at 31 December 1981.

Berne, 22 April 1982

W Frei  
Deputy Director  
SWISS FEDERAL AUDIT OFFICE  
(External Auditor)

STATEMENT I  
UNITED NATIONS DEVELOPMENT PROGRAMME  
INTERNATIONAL TELECOMMUNICATION UNION

DP/1983/55/Add.1  
English  
Page 43

Status of Funds as at 31 December 1981  
(Expressed in US dollars)

	\$	\$
<u>Operating Fund</u>		
Balance as at 1 January 1981		1 663 118.05
Add : Cash drawings from UNDP		23 370 003.79
IOVs and other charges (net)		9 542 105.56
Miscellaneous expenses and exchange adjustments (net) to be refunded by UNDP		( 771 016.71)
Miscellaneous items (net) to be refunded to UNDP		4 652.68
Adjustment of expenses on completed projects (to meet allocations) to be refunded to UNDP		7 621.62
		<u>33 816 484.99</u>
Deduct : Expenditure during 1981 (Schedule I)		
For projects : Disbursements	27 735 569.-	
Unliquidated Obligations	4 660 927.-	
For programme support costs	<u>4 369 046.62</u>	<u>36 765 542.62</u>
Balance as at 31 December 1981		( 2 949 057.63) *****
<u>Represented by :</u>		
Cash at banks, on hand and in transit		2 458 897.52
Accounts receivable		794 691.32
		<u>3 253 588.84</u>
Deduct : Accounts payable	1 541 719.47	
1981 Unliquidated Obligations	<u>4 660 927.-</u>	<u>6 202 646.47</u>
		( 2 949 057.63) *****

Certified correct :

Approved :



R. PRELAZ

Chief of the Finance Department

  
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

- 2 AVR. 1982

UNITED NATIONS DEVELOPMENT PROGRAMME

Report of the External Auditor on the statement showing  
as at 31 December 1981 the status of funds advanced to  
the World Meteorological Organization  
by the United Nations Development Programme

General

1. The Statement and supporting Schedules relating to the participation of the World Meteorological Organization in the United Nations Development Programme are in the form prescribed by UNDP. My examination of them, which included an audit of payrolls, 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 WMO by UNDP in 1981, the expenditure incurred by WMO during the year on goods and services for projects and on programme support costs, and the balance of funds held by WMO at 31 December 1981. Schedule I shows the programme expenditure by source of funds and associated programme support costs for the year. Schedule 2 shows disbursements and unliquidated obligations charged to projects in each country and region during the year. The total expenditure of \$14,262,880 in 1981 was 17.9 per cent more than in 1980.

Unliquidated obligations

3. Under UNDP procedures, a signed contractual agreement or a firm irrevocable order must have been placed with a supplier before obligations for equipment may be charged as expenditure in annual financial statements. My examination of obligations unliquidated at the end of the year revealed that the figure of \$1,945,774 shown in Statement I included \$152,601 relating to equipment for which provisional orders only had been placed. The Organization explained that these funds had been charged as expenditure in 1981 because there was a risk that, for 1981, UNDP would not follow their normal practice of allowing UNDP funds unspent in one year to be carried forward to the following year. I am not convinced that WMO's action was justified in these circumstances and I recommend that, in future, obligations should not be charged as expenditure until all the UNDP conditions have been met.

/...

Programme support costs

4. In accordance with UNDP Financial Regulations and Rules, UNDP contributions to the programme support 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 previous years, UNDP has approved a maximum support costs allocation for WMO but for 1981 they agreed, exceptionally, to apply to WMO the revised support cost flexibility arrangements that are to be applied generally to executing agencies from 1982 onwards. These provide for the reimbursement of support costs at a normal rate of 13 per cent of project expenditure, plus a flexibility allowance on a sliding scale related to project expenditure.

5. The costs incurred by WMO in administering UNDP and some other extrabudgetary projects are charged to the Organization's Technical Co-operation Fund, which receives contributions from UNDP, Trust Funds and other sources. The UNDP contribution to the Fund in 1981 was \$1,882,224, representing the difference between the costs charged to the Fund and the contributions from Trust Funds and other sources. This sum comprised the normal contribution of \$1,609,485 plus a flexibility allowance of \$272,739 and is within the Organization's entitlement to support costs for 1981.

---

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

(Signed) GORDON DOWNEY  
Comptroller and Auditor General, United Kingdom  
External Auditor

6 May 1982

/...

## STATEMENT I

United Nations Development Programme

WORLD METEOROLOGICAL ORGANIZATION

Status of Funds as at 31 December 1981

(Expressed in US dollars)

<u>Operating Fund</u>	\$	\$
Balance at 1 January 1981		(902 264)
<u>Add:</u> Cash drawings from UNDP		9 655 448
IOVs and other charges (net)		4 945 957
Miscellaneous income and exchange adjustments (net)		(11 568)
Miscellaneous items refunded to UNDP (net)		<u>(3 065)</u>
		13 684 508
<u>Less:</u> Expenditure during 1981		
For projects		
Disbursements (Schedule 1)	10 434 882	
Unliquidated obligations (Schedule 1)	1 945 774	
For programme support costs (Schedule 1)	<u>1 882 224</u>	14 262 880
Balance at 31 December 1981		<u>(578 372)</u> =====
Represented by:		
Cash at banks, on hand and in transit		1 276 067
Accounts receivable		<u>942 514</u>
		2 218 581
<u>Less:</u> Accounts payable	851 179	
1981 Unliquidated obligations	<u>1 945 774</u>	2 796 953
		<u>(578 372)</u> =====

CERTIFIED CORRECT

*A. Weber*(A. Weber)  
Chief, Finance and  
Budget Division

APPROVED

*A. Wiin-Nielsen*(A. Wiin-Nielsen)  
Secretary-General

UNITED NATIONS DEVELOPMENT PROGRAMME

STATEMENT SHOWING AS AT 31 DECEMBER 1981 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 Schedules I and II. I have obtained all the information and explanations that I have required and I certify, as a result of the audit, that, in my ~~At~~ opinion, the attached Statement and the related Schedules I and II are correct.

*Gordon Downey*

(Comptroller and Auditor General,  
United Kingdom)

28 MAY 1982

External Auditor

UNITED NATIONS DEVELOPMENT PROGRAMME

Report of the External Auditor on the statement showing  
as at 31 December 1981 the status of funds advanced to the  
Inter-Governmental Maritime Consultative Organization  
by the United Nations Development Programme

General

1. The Statement and supporting Schedules relating to the participation of the Inter-Governmental Maritime Consultative Organization in the United Nations Development Programme are in the revised form prescribed by UNDP for 1981. My examination of them has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organization. This included a general review of the accounting procedures and such tests of the accounting records as I considered necessary. I have also examined the relevant internal audit reports.
2. Statement I shows the resources made available to IMCO by UNDP in 1981, the expenditure charged to projects during the year for goods and services and for programme support costs at agreed rates, and the balance of funds due to IMCO at 31 December 1981. Statement I is supported this year by two Schedules: Schedule I showing the aggregate expenditure by source of funds and programme support costs; and Schedule 2 showing expenditure by country distinguishing between disbursements and unliquidated obligations.
3. Expenditure is controlled through project budgets which are phased by years over the duration of each project and 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 allows Agencies a small margin of flexibility on annual budgets. Contractual commitments to be charged against budgets in future years are reported separately to UNDP.
4. Costs of experts' services are divided into two categories: salary and other costs associated with service at the duty station are charged direct to projects; and allowances, etc., which depend on the personal circumstances of the expert are charged at an average rate based on the total of such costs for experts employed by IMCO on UNDP work. In the case of fellowships, projects are charged direct with actual costs.

/...



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

(Signed) GORDON DOWNEY

Comptroller and Auditor General, United Kingdom  
External Auditor

28 May 1982

STATEMENT I

United Nations Development Programme

INTER-GOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

Status of Funds as at 31 December 1981  
(expressed in US Dollars)

Operating Fund

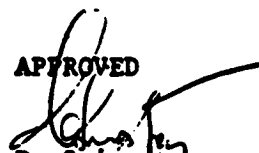
	\$	\$
Balance at 1 January 1981		(2 630 101)
Add: Cash drawings from UNDP		5 523 667
IOVs and other charges (net)		1 479 658
Miscellaneous income and exchange adjustments (net)		(21 712)
Miscellaneous items refunded to UNDP (net)		<u>20 659</u>
		4 372 171
Less: Expenditure during 1981		
For projects		
Disbursements (Schedule 1)	4 176 705	
Unliquidated obligations (Schedule 1)	2 889 313	
For programme support costs (Schedule 1)	<u>986 350</u>	<u>8 052 368</u>
Balance at 31 December 1981		(3 680 197) *****
Represented by:		
Cash at banks, on hand and in transit	9 043	
Accounts receivable	<u>225 547</u>	234 590
Less: Accounts payable	1 025 474	
1981 Unliquidated obligations	<u>2 889 313</u>	<u>3 914 787</u>
		(3 680 197) *****

CERTIFIED CORRECT



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

APPROVED

  
C.P. Srivastava  
Secretary-General

STATEMENT I  
UNITED NATIONS DEVELOPMENT PROGRAMME  
WORLD INTELLECTUAL PROPERTY ORGANISATION

Status of Funds as at 31 December 1981  
(Expressed in US dollars)

<u>Operating Fund</u>	<u>\$</u>	<u>\$</u>
Balance at 1 January 1981	53 090.21	
Add: Cash drawings from UNDP	313 819.90	
IOVs and other charges (net)	<u>228 021.30</u>	594 931.41
<u>Less</u> : Miscellaneous income and exchange adjustments (Schedule 3)	386.20	
Expenditure during 1981		
For projects		
Disbursements (Schedule 1)	497 299.25	
Unliquidated obligations (Schedule 1)	12 139.--	
For programme support costs (Schedule 1)	<u>127 350.--</u>	637 174.45
		<u>(42 243.04)</u>
		*****
Balance at 31 December 1981		

Represented by:

Cash at banks, on hand and in transit	45 476.10	
Accounts receivable (Schedule 5)	<u>14 736.89</u>	60 212.99
<u>Less</u> : Accounts payable (Schedule 5)	90 317.03	
1981 Unliquidated obligations	<u>12 139.--</u>	102 456.03
		<u>(42 243.04)</u>
		*****

*A* CERTIFIED CORRECT

*A. Jaccard*  
A. Jaccard  
Head, Finance Section

APPROVED  
*M. Lagesse*  
M. Lagesse  
Controller

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.

Date: 17 May 1982

*W. Frei*  
W. Frei  
Deputy Director  
Swiss Federal Audit Office  
External Auditor

**REPORT OF THE EXTERNAL AUDITOR ON THE AUDIT OF THE ACCOUNTS OF THE  
INTERNATIONAL ATOMIC ENERGY AGENCY AS EXECUTING AGENCY UNDER THE  
UNITED NATIONS DEVELOPMENT PROGRAMME FOR THE YEAR ENDED 31 DECEMBER 1981**

---

1. I have examined the Statements and supporting Schedules relating to the participation of the International Atomic Energy Agency (IAEA) in the United Nations Development Programme (UNDP) and in the United Nations Fund for Science and Technology for Development (UNSTD).
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 Statements and Schedules have been certified by me as being in conformity with the books and records and presenting fairly the financial position as at 31 December 1981.
4. Included among unliquidated obligations referred to in the UNDP Statement and Schedules are amounts totalling \$ 98 047, that represent transactions for which negotiations were started in 1981 but for which no valid contracts existed as of 31 December 1981. The IAEA advised me that recording these obligations against 1981 funds has been approved by the UNDP resident representatives concerned.
5. The activities engaged in under the UNSTD have been provisionally financed from the funds available for UNDP.
6. I wish to record my appreciation of the willing cooperation experienced throughout my audit from the staff of the International Atomic Energy Agency.



H. Peschar

STATEMENT I  
UNITED NATIONS DEVELOPMENT PROGRAMME  
INTERNATIONAL ATOMIC ENERGY AGENCY

Status of funds as at 31 December 1981  
(Expressed in US dollars)


OPERATING FUND

Balance as at 1 January		(2 275 701)
Cash drawings from UNDP		5 055 000
Interoffice vouchers and other charges (net)		1 575 862
Miscellaneous income and exchange adjustments (net)		(114 449)
Miscellaneous items refunded to UNDP (net)		(1 365)
		<u>4 239 347</u>
Expenditure during 1981		
For projects	5 068 271	
For programme support costs	<u>992 444</u>	<u>6 060 715</u>
Balance at 31 December 1981		<u>(1 821 368)</u>

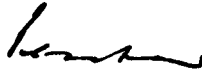
REPRESENTED BY:

Cash (in hand and in transit)		4 300
Cash at banks		140 481
Due from United Nations Interim Fund for Science and Technology for Development		151 668
Accounts receivable		<u>158 207</u>
		454 656
Accounts payable	771 992	
1981 unliquidated obligations	<u>1 504 032</u>	<u>2 276 024</u>
		<u>(1 821 368)</u>

  
ARTHUR SCHOENHAUT  
Director, Division of Budget and Finance

  
HANS BLIX  
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.

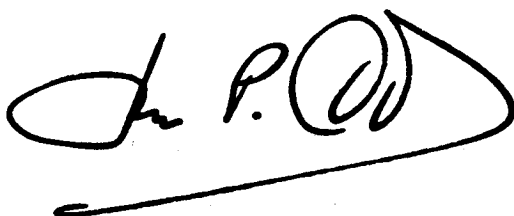
  
H. PESCHAR  
External Auditor

**UNITED NATIONS DEVELOPMENT PROGRAMME**

**REPORT OF THE EXTERNAL AUDITORS ON THE AUDIT OF THE ACCOUNTS OF  
THE WORLD TOURISM ORGANIZATION AS AN EXECUTING AGENCY UNDER THE  
UNITED NATIONS DEVELOPMENT PROGRAMME  
FOR THE YEAR ENDED 31 DECEMBER 1981**

1. The Statement and supporting Schedules relating to the participation of the World Tourism Organization (WTO) in the United Nations Development Programme (UNDP) for the year ended 31 December 1981 are in the form prescribed by UNDP.
2. Statement I is supported by Schedules 1 and 2, which give a breakdown of the project expenditures by source of funds and by recipient States, including the 14 per cent provision for the Agency's programme support cost.
3. Our examination of the Statement and Schedules has been carried out in conjunction with our audit of the Agency's accounts.
4. We have obtained all the information and explanations required, and as a result of the audit we certify that, in our opinion, the statements are correct and in conformity with the books and records.

J. P. Cortés Camacho



F. A. Gethi



## STATEMENT I

DP/1983/55/Add.1  
English  
Page 55United Nations Development Programme

## World Tourism Organization

Status of Funds as at 31 December 1981  
(expressed in US dollars)Operating Fund

Balance at 1 January 1981 (17 484.83)

Add: Cash drawings from UNDP	553 000.00	
IOVs and other charges	(119 949.34)	
Miscellaneous income	<u>507.58</u>	433 558.24

## Less: Expenditure during 1981

## For projects:

- Disbursements:	(Schedule 1)	366 262.00	
- Unliquidated obligations	(Schedule 1)	38 049.77	

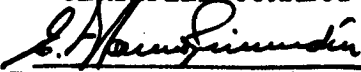
For programme support cost (Schedule 1)	<u>56 603.64</u>	460 915.41
---	------------------	------------

Balance at 31 December 1981 (44 842.00)  
=====Represented by:


Cash at banks and on hand	18 818.48
Accounts receivable	<u>9 238.56</u>
	28 057.04

Less: Accounts payable	29 522.31	
1981 unliquidated obligations	<u>43 376.73</u>	72 899.04
		(44 842.00)
		=====

CERTIFIED CORRECT

  
Eduardo Ramos-Reimundín  
Chief of Finance

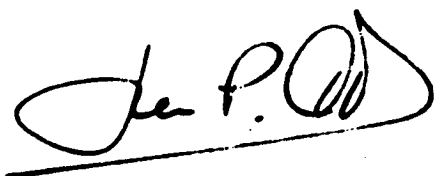
APPROVED

  
Robert C. Lonati  
Secretary-General

## AUDIT CERTIFICATE

J.P. Cortés Camacho

F.A. Gethi



الصندوق العربي للإنماء الاقتصادي والاجتماعي  
تلفون ٢٣١٨٧ • ص ب ٢١٩٢٣ • الكويت • برقية: انمارابي • الكويت  
**ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT**  
TEL : 431870 • P. O. BOX : 21923 • CABLE : INMARABI, KUWAIT • TELEX : INMARABI 2153 KT.

**RAB/74/011**  
**Programme for the Identification and Preparation**  
**of Inter-Country Investment Projects and Related**  
**Feasibility Studies.**

**Statement of Expenditures**  
**1/1/1981 - 31/12/1981**  
**U. N. D. P. Share**

( In U. S. Dollar )

No.	Component	m/m	Amount
11-01	Team Leader	12	125 030/60
11-04	Project Engineer	12	112 424/-
16	Other Costs		10 735/12
29	Sub-Contracts		351 840/10
49	Equipment		8 791/21
59	Miscellaneous		4 355/28
99	Total	24	613 176/31
	Admin. Expenses 14%		85 844/69
		24	699 021/-
		***	*****

Nezhet M. Tarib .  
*N.M.T.*  
Director of Finance  
Arab Fund for Economic and  
Social Development - Kuwait

*Talal Abu Ghazaleh*  
Talal Abu Ghazaleh & Co. *CV*  
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 schedules 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  
1981

Schedule 1 - Expenditures by Source of Funds for the  
year ended 31 December 1981

Schedule 2 - Project Expenditures for the year ended  
31 December 1981

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 aforementioned statement and schedules have been prepared in accordance with the format and accounting practices prescribed by United Nations Development Programme ("UNDP"); 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.

In our opinion, the accompanying statement presents fairly the status as of 31 December 1981 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 schedules, when considered in relation to the aforementioned statement, present fairly in all material respects the information shown therein.

*Deloitte Haskins + Sells*

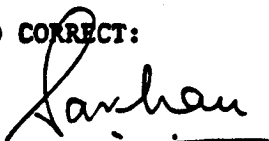
26 February 1982

**STATEMENT I**  
**United Nations Development Programme**  
**Asian Development Bank**  
**(Executing Agency)**  
**Status of Funds as at 31 December 1981**  
**(Expressed in US Dollars)**

**Operating Fund**

<b>Balance at 1 January 1981</b>		<b>\$( 448 891.89)</b>
<b>Add: Cash drawings from UNDP</b>	<b>\$3 362 239.86</b>	
<b>IOVs and other charges (net)</b>	<b>166 821.54</b>	
<b>Miscellaneous income and exchange adjustments (net)</b>	<b>4 804.04</b>	<b>3 533 865.44</b>
		<b>3 084 973.55</b>
<b>Less: Expenditures during 1981 - Schedule 1</b>		
<b>For projects:</b>		
<b>Disbursements</b>	<b>\$1 674 195.11</b>	
<b>Unliquidated Obligations</b>	<b>781 641.56</b>	
<b>For programme support costs</b>	<b>343 816.93</b>	<b>(2 799 653.60)</b>
<b>Balance at 31 December 1981</b>		<b>\$ 285 319.95</b>
<b>Represented by:</b>		
<b>Cash at banks, on hand and in transit</b>		<b>\$ 123 964.06</b>
<b>Accounts receivable</b>		<b>1 144 302.31</b>
		<b>1 268 266.37</b>
<b>Less: Accounts payable</b>	<b>\$ 201 304.86</b>	
<b>1981 Unliquidated Obligations</b>	<b>781 641.56</b>	<b>( 982 946.42)</b>
		<b>\$ 285 319.95</b>

**CERTIFIED CORRECT:**



**SHAMSHAD ALI KHAN**  
**Assistant Controller**

**APPROVED:**

  
**S.M.A. KAZMI**  
**Controller**



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

May 24, 1982

**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, 1981. 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, 1981 on the basis of accounting described in Note 2, which has been applied in a manner consistent with that of the preceding year.

*Price Waterhouse*

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

**STATEMENT OF STATUS OF FUNDS  
YEAR ENDED DECEMBER 31, 1981  
(Expressed in U.S. dollars)**

**Operating Fund:**

Balance (deficit) at January 1, 1981		\$ (225 164)
Add: Cash drawings from UNDP	\$185 000	
IOVs and other charges (net)	12 799	197 799
		<u>(27 365)</u>

Add: Savings during 1981		
For projects	51 332	
For overhead	7 187	58 519
		<u>58 519</u>

Balance at December 31, 1981		<u>\$ 31 154</u>
------------------------------	--	------------------

**Represented by:**

Cash		\$199 304
------	--	-----------

Deduct: Accounts payable, including overhead entitlements not yet drawn by IADB		168 150
		<u>168 150</u>

Balance at December 31, 1981		<u>\$ 31 154</u>
------------------------------	--	------------------

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

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 expenditures  
year ended 31 December 1981

Note 1 - Organization

United Nations Development Programme (UNDP) was established to provide, among other services, 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) acted as executing agency for one project of UNDP during 1981.

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 also include an entitlement for agency overhead costs. At 31 December 1981, the unspent balance of allocations, which is not recorded in the accompanying statements, approximates \$147,000.

IOVs

IOVs represent charges and other transfers between the IADB as executing agency, UNDP, and the field offices performing the services on the contracts.

Expenditures

Expenditures are recorded by project on the basis of approved budgets to include: (1) actual disbursements relating to the current year; and (2) amounts payable or accrued at 31 December 1981, to the extent that such payables or unliquidated obligations, when combined with actual disbursements, do not exceed budgeted expenditure ceilings established by UNDP for 1981. Amounts in excess of the ceilings are recorded as expenditures of the subsequent year. Cancellation of prior years' unliquidation obligations result in a savings, which are refunded to UNDP. In 1981, cancellation of prior years unliquidated obligation and the disposal of project equipment resulted in a net savings balance of \$51,332 to be refunded to UNDP.

### Overhead

The IADB, as executing agency, provides administrative and supervisory services to the projects for an entitlement for Agency overhead costs. The entitlement is determined by UNDP and is based on a fixed percentage (14 per cent in 1981) of project expenditures and savings subject to overhead. At 31 December 1981, as a result of a savings balance for the year, the net overhead balance of \$7,187 represents an amount to be refunded to UNDP.

### Accounts payable and unliquidated obligations

In accordance with accounting requirements of UNDP, accounts payable as of 31 December 1981 includes obligations for goods and services provided in the annual project budgets prior to 1981, which were still unpaid, irrespective of the date of delivery of such goods and services, and accumulated overhead entitlements not yet drawn by the IADB.

STATEMENT V

UNDP: UNITED NATIONS DEVELOPMENT PROGRAMME ACCOUNT

United Nations Development Programme as an executing  
agency for its projects

Status of funds as at 31 December 1981  
(United States dollars)

<u>1980</u>		<u>1981</u>
(9 133 181)	Balance at beginning of year	( 11 873 041)
57 801 350	Add: Cash drawings, interoffice vouchers and other charges (net)	57 352 709
2 975	Miscellaneous income and exchange adjustment (net)	( 14 970)
<u>113 310</u>	Miscellaneous items refunded to UNDP (net)	<u>10 371</u>
<u>48 783 754</u>		<u>45 475 069</u>
	Less: Expenditure during 1981	
52 092 227	For projects executed by UNDP	52 350 598
556 532	Executed by the Office for Projects Execution	-
<u>1 187 783</u>	Executed jointly by Unit for Europe and the Economic Commission for Europe	
53 836 542	Amounts charged to IPFs in respect of unpaid balances of assessed programme costs	<u>358 824</u>
		52 709 422
<u>2 668 468</u>	For projects executed by the United Nations Volunteers programme	<u>4 764 574</u>
56 505 010		57 473 996
	For support costs:	
3 972 793	Administrative costs of the Office for Projects Execution and support services for UNDP - executed projects	3 840 940
<u>178 992</u>	Support costs paid by the Office for Projects Execution to associated agencies (net)	<u>3 934</u>
<u>4 151 785</u>		<u>3 844 874</u>
60 656 795		61 318 870
<u>(11 873 041)</u>	Balance at end of year	<u>(15 843 801)</u>
	Represented by:	
(11 873 041)	Unliquidated obligations	(15 799 236)
-	Office for Projects Execution	<u>(4 565)</u>
	United Nations Volunteers programme	
<u>(11 873 041)</u>		<u>(15 843 801)</u>