BUDGETARY AND FINANCE COMMITTEE
Thirty-fifth session
6 June-1 July 1988, Geneva
Item 10 of the agenda of the Budgetary and Finance Committee

ADOPTION OF THE REPORT OF THE BUDGETARY AND FINANCE COMMITTEE TO THE GOVERNING COUNCIL

Draft report of the Budgetary and Finance Committee

Rapporteur: Mr. K. Tenkorang (Ghana)

Addendum

CHAPTER I: MATTERS REFERRED TO THE COMMITTEE BY THE COUNCIL

A. Government execution

ANNEX

1. Following its consideration of the subject, the Budgetary and Finance Committee recommended that the Governing Council adopt the following decision:

   The Governing Council,

   Recalling its decision 87/14, of 19 June 1987, with particular reference to the questions of auditing and accounting and the related workload of United Nations Development Programme headquarters associated with Government execution of projects,

   Noting with satisfaction the continued expansion of Government execution as a result of its cost effectiveness and contribution to the promoting of self-reliance of recipient Governments,
Noting also the need for Governments continuously to improve their capability in the financial management of Government-executed projects,

Responding to paragraph 31 of General Assembly resolution 42/196, which called for further support and flexibility to facilitate the Government execution of projects,

Having considered the report and recommendations of the Administrator (DP/1988/19/Add.2),

1. Urges the Administrator to renew his efforts to involve the executing agencies in the use of this modality wherever feasible and desirable;

2. Endorses the recommendations of the Administrator with respect to programming responsibilities and operational issues contained in paragraphs 30 and 34 of document DP/1988/19/Add.2;

3. Approves the recommendations of the Administrator with respect to revised accounting, auditing and reporting procedures for Government-executed projects, contained in paragraphs 54 and 61 of document DP/1988/19/Add.2;

4. Requests the Administrator to implement accounting, reporting and auditing procedures so that Governments, in due course, can themselves assume, to the fullest extent possible, entire responsibility for the custody, use and reporting of financial outcomes of Government-executed projects;

5. Also requests the Administrator, together with Governments, to ensure a greater commitment to the allocation of add-on funds for the purposes enumerated in Governing Council decision 82/8 of 18 June 1982 including accounting, reporting and auditing;

6. Invites the Administrator to present to the Governing Council at its thirty-seventh session (1990) a report on the impact of the implementation of the revised accounting, reporting, and auditing procedures on: (a) the workload of the United Nations Developments Programme; and (b) the commitment and capacity of Governments to assume their responsibility for accounting, reporting and auditing or to contribute to the costs of the United Nations Development Programme therefor out of the add-on funds;

7. Authorizes the Administrator to continue, in 1989 and 1990, to charge additional staff resources approved by the Council in decision 87/14 at the level of up to $400,000 per year to the support cost line of the United Nations Development Programme;
8. **Also authorizes** the Administrator to establish at United Nations Development Programme headquarters a small unit, with two professional staff plus supporting services, to administer and monitor audit requirements at a cost not exceeding $300,000 per year to the support cost line in 1988, 1989 and 1990;

9. **Requests** the Administrator to undertake a thorough examination of the use of the add-on funds for: (a) meeting the costs set out in paragraphs 7 and 8 above; and (b) Government execution of projects in the context of the consideration of successor arrangements for project support costs in accordance with General Assembly resolution 42/196 on operational activities for development.