



**Governing Council
of the
United Nations
Development Programme**

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FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Audit reports

Addendum

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UNITED NATIONS DEVELOPMENT PROGRAMME

Summary of the Unaudited/Audited Status of Funds Submitted by the Executing Agencies
as at 31 December 1990 (expressed in US Dollars)

	UNHQS	ECA	ECE	ECLAC	ESCAP	ESCWA	UNCTAD	UNCHS	ILO	FAO
Operating Fund										
Balance at 1 January 1990	(26,801,341)	(1,636,676)	(325,970)	(395,308)	(5,007,142)	151,527	(1,846,372)	(6,078,137)	(7,642,393)	(31,538,103)
Add: Cash drawings from UNDP	85,015,658	3,996,000	530,000	2,166,000	7,027,378	-	14,222,752	7,418,960	49,100,000	106,829,914
IOAs	88,915,376	4,362,092	89,450	1,964,538	2,780,098	364,489	4,828,012	14,322,882	28,068,415	107,880,948
Other charges (net)	(42,198,075)	83,561	3,582	(1,694,506)	168,939	(58,278)	82,454	(597,545)	326,570	(274,347)
Miscellaneous income and exchange adjustments (net)	86,146	-	623	-	38,744	5,644	69,341	25,245	(6,236)	467,118
Miscellaneous items refunded to (by) UNDP (net)	96,132	1,852	47	30,319	37,900	3,463	(86,595)	(13,131)	(16,910)	(119,206)
Expenses incurred on completed projects	-	-	-	-	-	-	-	-	-	-
	105,113,896	6,806,829	297,732	2,071,043	5,045,917	466,845	17,269,592	15,078,274	69,829,446	183,246,324
Deduct: Expenditure during 1990										
For Projects:disbursements	86,186,447	5,183,931	340,177	1,748,479	4,893,745	38,300	13,413,861	14,471,179	63,046,457	141,647,898
unliq. obligati	33,159,955	2,976,505	111,091	131,571	2,782,047	19,865	3,366,574	6,170,023	4,394,142	36,099,980
For programme support costs	15,114,317	1,060,856	58,659	244,406	997,853	7,072	2,186,985	2,683,356	8,723,830	22,866,025
Miscellaneous items	-	-	-	-	-	-	-	-	-	-
Additional audit services	-	-	-	-	-	-	-	-	-	-
	134,460,719	9,221,292	509,927	2,124,456	8,673,645	65,237	18,967,420	23,324,558	76,164,429	200,613,903
	(29,346,823)	(2,414,463)	(212,195)	(53,413)	(3,627,728)	401,608	(1,697,828)	(8,246,284)	(6,334,983)	(17,367,579)
Add/ Adjustment to prior year's	-	23,931	-	-	-	-	-	-	-	-
Subtract: expenditure	-	-	-	-	-	-	-	-	-	-
Adjustment to prior year's programme support costs	-	3,111	-	-	-	-	-	-	-	-
	0	27,042	0	0	0	0	0	0	0	0
Balance as at 31 December 1990	(29,346,823)	(2,387,421)	(212,195)	(53,413)	(3,627,728)	401,608	(1,697,828)	(8,246,284)	(6,334,983)	(17,367,579)
Represented by:										
Cash at bank, on hand and in transit	4,715,816	1,354,717	9,815	979,260	925,444	78,319	137,324	171,065	-	7,079,516
Investments	-	-	-	-	-	-	-	-	-	-
Due from other Funds	-	-	-	-	-	-	-	-	824,574	-
Accounts Receivable	6,660,918	-	177,695	-	324,145	555,465	2,630,898	748,520	2,155,561	47,699,538
Deferred Charges	-	-	-	-	-	-	-	-	-	-
	11,376,734	1,354,717	187,510	979,260	1,249,589	633,784	2,768,222	919,585	2,980,135	54,779,054
Deduct: Due to other funds	-	-	-	-	-	-	-	-	-	-
Accounts Payable	7,563,602	765,633	288,614	901,102	2,095,270	212,311	1,099,476	2,995,846	4,920,976	36,046,653
1990 Unliquidated Obligations	33,159,955	2,976,505	111,091	131,571	2,782,047	19,865	3,366,574	6,170,023	4,394,142	36,099,980
	40,723,557	3,742,138	399,705	1,032,673	4,877,317	232,176	4,466,050	9,165,869	9,315,118	72,146,633
Balance as above a/	(29,346,823)	(2,387,421)	(212,195)	(53,413)	(3,627,728)	401,608	(1,697,828)	(8,246,284)	(6,334,983)	(17,367,579)

a/ Explanatory Note:

The amounts credited to the above Operating Fund Statements are recorded on a cash basis, i.e. cash actually remitted or payments already made by UNDP on behalf of the executing agencies. Expenditure, however, is recorded on an accrual basis, i.e. includes unliquidated obligations for which the executing agencies will receive the necessary funds from UNDP at or near the time of disbursement. At any reporting date, therefore, the expenditure incurred normally exceeds the funds received and for this reason the balance of funds is normally negative.

UNITED NATIONS DEVELOPMENT PROGRAMME
Summary of the Unaudited/Audited Status of Funds Submitted by the Executing Agencies
as at 31 December 1990 (expressed in US Dollars)

	UNESCO	*ICAO	* World Bank	*IFC	*IMF	WHO	* UPU	*ITU	WMO	*IMO	* WIPO
Operating Fund											
Balance at 1 January 1990	(7,120,614)	(7,844,024)	2,446,020	(884,945)	-	(1,884,003)	(392,606)	(4,616,773)	(3,380,092)	(1,007,466)	(965,487)
Add: Cash drawings from UNDP	18,724,000	25,288,115	62,045,065	-	681,000	17,500,000	1,125,000	22,833,921	8,023,230	5,942,552	2,000,000
IOVs	27,267,436	12,458,138	15,079,214	17,040	240,517	6,813,961	2,399,825	11,237,060	11,423,538	1,464,454	1,911,082
Other charges (net)	(7,824,236)	(180,603)	(1,048,776)	816,101	-	1,093,042	(57,539)	(643,907)	625,303	(486,054)	18,357
Miscellaneous income and exchange adjustments (net)	136,578	139,327	183,652	-	-	(49,274)	65,880	121,313	153,265	115,175	6,825
Miscellaneous items refunded to (by) UNDP (net)	186,731	(2,317)	(229,642)	-	-	63,051	(98)	-	4,240	(29,719)	(2,074)
Expenses incurred on completed projects	-	-	-	-	-	-	-	22,600	-	-	-
	31,369,895	29,858,636	78,475,533	(51,804)	921,517	23,536,777	3,140,402	28,954,214	16,849,484	5,998,942	2,968,703
Deduct: Expenditure during 1990											
For Projects:disbursements	22,320,800	26,287,814	65,714,710	5,520,735	1,129,493	20,825,202	2,629,002	24,653,788	13,898,668	4,596,356	2,565,962
unlig. obligati	10,765,717	7,381,710	11,404,543	836,608	176,129	4,147,357	459,630	2,625,760	2,943,074	760,195	258,138
For programme support costs	4,222,979	4,232,330	8,321,135	699,308	169,702	2,878,284	679,499	3,438,221	2,169,235	1,100,000	621,758
Miscellaneous items	-	-	-	-	-	-	-	-	-	-	-
Additional audit services	-	-	28,000	-	-	-	-	-	-	-	-
	37,309,496	37,901,854	85,468,388	7,056,651	1,475,324	27,850,843	3,768,131	30,717,769	19,010,977	6,456,551	3,445,858
	(5,939,601)	(8,043,218)	(6,992,855)	(7,108,455)	(553,807)	(4,314,066)	(627,729)	(1,763,555)	(2,161,493)	(457,609)	(477,155)
Add/ Subtract: Adjustment to prior year's expenditure	-	-	-	(40,257)	-	-	-	-	-	-	-
Adjustment to prior year's program support costs	-	-	-	(4,428)	-	-	-	-	-	-	-
	0	0	0	(44,685)	0	0	0	0	0	0	0
Balance as at 31 December 1990	(5,939,601)	(8,043,218)	(6,992,855)	(7,063,770)	(553,807)	(4,314,066)	(627,729)	(1,763,555)	(2,161,493)	(457,609)	(477,155)
Represented by:											
Cash at bank, on hand and in transit	839,724	(238,754)	-	-	-	-	98,437	1,279,490	305,423	173,334	10,722
Investments	-	-	-	-	-	-	-	-	-	-	-
Due from other Funds	-	1,374,675	-	801,198	-	-	-	-	-	-	-
Accounts Receivable	11,044,630	1,766,393	13,399,539	-	-	-	205,656	1,170,669	1,262,314	460,975	100,137
Deferred charges	-	-	-	-	-	-	-	-	-	-	-
	11,884,354	2,902,314	13,399,539	801,198	0	0	304,093	2,450,159	1,567,737	634,309	110,859
Deduct: Due to other funds	-	72,137	-	-	377,678	-	-	-	-	-	-
Accounts Payable	7,058,238	3,491,685	8,987,851	7,028,360	-	166,709	472,192	1,587,954	786,156	331,723	329,876
1990 Unliquidated Obligations	10,765,717	7,381,710	11,404,543	836,608	176,129	4,147,357	459,630	2,625,760	2,943,074	760,195	258,138
	17,823,955	10,945,532	20,392,394	7,864,968	553,807	4,314,066	931,822	4,213,714	3,729,230	1,091,918	588,014
Balance as above a/	(5,939,601)	(8,043,218)	(6,992,855)	(7,063,770)	(553,807)	(4,314,066)	(627,729)	(1,763,555)	(2,161,493)	(457,609)	(477,155)

a/ Explanatory Note:

The amounts credited to the above Operating Fund Statements are recorded on a cash basis, i.e. cash actually remitted or payments already made by UNDP on behalf of the executing agencies. Expenditure, however, is recorded on an accrual basis, i.e. includes unliquidated obligations for which the executing agencies will receive the necessary funds from UNDP at or near the time of disbursement. At any reporting date, therefore, the expenditure incurred normally exceeds the funds received and for this reason the balance of funds is normally negative.

* Represents Audited Balances at 31 December 1990

UNITED NATIONS DEVELOPMENT PROGRAMME

Summary of the Unaudited/Audited Status of Funds Submitted by the Executing Agencies
as at 31 December 1990 (expressed in US Dollars)

	UNIDO	*IAEA	* WFO	* ADB	* AsDB	ITC	AFESD	SUBTOTAL	GOVERNMENTS	UNDP	TOTAL
Operating Fund											
Balance at 1 January 1990	(31,167,407)	(1,406,465)	126,925	(458,845)	(1,972,027)	(2,936,803)	-	(144,584,527)	(116,360)	(19,425,255)	(164,126,142)
Add: Cash drawings from UNDP	80,088,170	1,010,000	2,465,000	1,681,700	11,097,182	12,231,060	750,000	550,157,146	125,269,182	152,702,567	828,128,895
IOWs	34,066,083	2,813,368	696,207	-	575,660	7,239,010	-	388,856,126	-	-	388,856,126
Other charges (net)	(1,510,003)	(19,428)	(337,691)	1,005	(353,444)	438,144	-	(53,569,156)	-	-	(53,569,156)
Miscellaneous income and exchange adjustments (net)	346,306	318	39,244	(39,100)	31,368	46,147	-	1,983,649	-	(161,630)	1,822,019
Miscellaneous items refunded to (by) UNDP (net)	(64,704)	6,138	-	-	820	15,962	-	(117,741)	-	(11,122)	(128,863)
expenses incurred on completed projects	-	-	-	-	-	-	-	22,600	-	-	22,600
	81,758,445	2,403,931	2,989,685	1,184,760	9,379,559	17,033,520	750,000	742,748,097	125,152,822	133,104,560	1,001,005,479
Deduct: Expenditure during 1990											
For Projects:disbursements	55,723,501	1,842,264	2,253,887	1,150,736	7,574,745	14,122,384	712,464	604,492,985	125,711,161	107,019,029	837,223,175
unliq. obligati	38,919,743	883,798	354,430	1,293	4,678,626	3,153,786	-	178,962,290	-	29,248,327	208,210,617
For programme support costs	12,272,512	610,069	573,830	149,764	1,592,939	2,243,924	-	99,918,848	-	26,085,531	126,004,379
Miscellaneous items	-	-	-	-	-	-	-	-	-	-	0
Additional audit services	-	-	-	-	26,000	-	-	54,000	-	-	54,000
	106,915,756	3,336,131	3,182,147	1,301,793	13,872,310	19,520,094	712,464	883,428,123	125,711,161	162,352,887	1,171,492,171
	(25,157,311)	(932,200)	(192,462)	(117,033)	(4,492,751)	(2,486,574)	37,536	(140,680,026)	(558,339)	(29,248,327)	(170,486,692)
Add/ Subtract: Adjustment to prior year's expenditure	14,496	-	-	-	(857,485)	-	-	(859,315)	-	-	(859,315)
Adjustment to prior year's programme support costs	1,884	-	-	-	132,429	-	-	132,996	-	-	132,996
	16,380	0	0	0	(725,056)	0	0	(726,319)	0	0	(726,319)
Balance as at 31 December 1990	(25,173,691)	(932,200)	(192,462)	(117,033)	(3,767,695)	(2,486,574)	37,536	(139,899,623)	(558,339)	(29,248,327)	(169,706,289)
Represented by:											
Cash at bank, on hand and in transit	5,620,376	423,115	162,307	264,031	657,360	85,547	37,536	25,169,924	-	-	25,169,924
Investments	-	-	-	-	-	-	-	0	-	-	0
Due from other Funds	-	-	-	-	-	-	-	3,000,447	-	-	3,000,447
Accounts Receivable	31,170,755	255,488	85,076	-	2,922,165	1,214,817	-	126,011,354	-	-	126,011,354
Miscellaneous exchange differe	-	-	-	-	-	-	-	0	-	-	0
	36,791,131	678,603	247,383	264,031	3,579,525	1,300,364	37,536	154,181,725	0	0	154,181,725
Deduct: Due to other funds	-	-	-	-	-	-	-	449,815	-	-	449,815
Accounts Payable	27,169,222	727,005	85,415	379,771	2,668,594	633,152	-	118,793,386	558,339	-	119,351,725
1990 Unliquidated Obligations	38,919,743	883,798	354,430	1,293	4,678,626	3,153,786	-	0	-	29,248,327	208,210,617
	66,088,965	1,610,803	439,845	381,064	7,347,220	3,786,938	0	178,962,290	558,339	29,248,327	328,012,157
Balance as above a/	(29,297,834)	(932,200)	(192,462)	(117,033)	(3,767,695)	(2,486,574)	37,536	(144,023,766)	(558,339)	(29,248,327)	(173,830,432)

a/ Explanatory Note:

The amounts credited to the above Operating Fund Statements are recorded on a cash basis, i.e. cash actually remitted or payments already made by UNDP on behalf of the executing agencies. Expenditure, however, is recorded on an accrual basis, i.e. includes unliquidated obligations for which the executing agencies will receive the necessary funds from UNDP at or near the time of disbursement. At any reporting date, therefore, the expenditure incurred normally exceeds the funds received and for this reason the balance of funds is normally negative.

* Represents Audited Balances at 31 December 1990

INTERNATIONAL CIVIL AVIATION ORGANIZATION

UNITED NATIONS DEVELOPMENT PROGRAMME

Notes to the Statement of the Status of Funds

(Statement IX)

31 December 1990

1. Nature of Activities

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

2. Significant Accounting Policies

(a) Method of Accounting

The Statement of the Status of Funds has been prepared in accordance with the format and directives prescribed by UNDP. The accounts of ICAO are recorded in United States dollars. Transactions and account balances in other currencies are converted into United States dollars at the United Nations operational rates of exchange.

(b) Expenditure for Projects

Expenditure includes disbursements and unliquidated obligations for which funds have been provided in approved project budgets in the current year. Expenditure is accounted for 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;
- for miscellaneous: on the basis of issuance of authorization to pay for miscellaneous goods or services delivered or for which firm orders have been placed for delivery in the current year.

(c) Programme Support Costs

Programme support costs are calculated on project expenditure on a basis determined by UNDP.

AUDIT OPINION

To the Assembly
International Civil Aviation Organization

I have examined the Statements of the Status of Funds of the International Civil Aviation Organization as Executing Agency of the United Nations Development Programme, Statements IX and X and relevant schedules, for the financial period ended 31 December 1990. My examination was made in accordance with generally accepted auditing standards, conforming with internationally recognized auditing guidelines and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency, and accordingly 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 these Statements of the Status of Funds properly reflect the recorded financial transactions for the financial period, which transactions were, in all significant respects, in accordance with the Financial Regulations and Rules of the United Nations Development Programme and legislative authority, and present fairly the financial position as at 31 December 1990, in conformity with the accounting policies described in Note 2 to the Statements applied on a basis consistent with that of the preceding financial period.

Additional information and comments on the statements and this opinion are included in the observations in my long form report reproduced on pages 61 and subsequent.



L. Denis Desautels, F.C.A.
(Auditor General of Canada)
External Auditor

Ottawa, Canada
15 May 1991

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STATEMENT IX

INTERNATIONAL CIVIL AVIATION ORGANIZATION

UNITED NATIONS DEVELOPMENT PROGRAMME

STATEMENT OF THE STATUS OF FUNDS

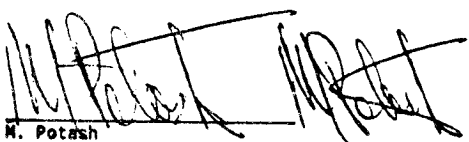
AS AT 31 DECEMBER 1990


(in United States dollars)

	<u>1990</u>	<u>1989</u>
<u>OPERATION FUND</u>		
Balance at beginning of year	(7 844 024)	(9 376 554)
Add:		
Cash drawings from UNDP	25 288 115	30 505 861
Inter-office vouchers	12 458 138	11 741 459
Other charges/credits (net)	(180 603)	63 204
Miscellaneous income and exchange adjustments	139 327	42 514
Miscellaneous items charged/refunded to UNDP	<u>(2 317)</u>	<u>3 436</u>
	37 702 660	42 356 474
	29 858 636	32 979 920
Deduct:		
Expenditure during the year (Schedules H,I,J)		
For projects		
Disbursements	26 287 814	27 245 121
Unliquidated obligations	7 381 710	8 999 046
For programme support costs	<u>4 232 330</u>	<u>4 579 777</u>
	37 901 854	40 823 944
Balance at end of year	<u>(8 043 218)</u>	<u>(7 844 024)</u>
<u>REPRESENTED BY</u>		
Cash in banks, on hand and in transit	(238 754)	2 377 545
Due from other Funds		
AOSC Fund	307 600	645 137
ICAO General Fund	601 507	276 756
ICAO Aviation Security Trust Fund	54 079	
ICAO Other Funds	12 212	15 522
Governments' Trust Fund accounts	369 494	329 773
UNDP Administered Trust Funds	<u>29 783</u>	<u>45 711</u>
Accounts receivable and sundry debit balances	1 374 675	1 312 899
	<u>1 766 393</u>	<u>1 659 019</u>
	2 902 314	5 349 463
Less:		
Due to other Funds		
ICAO Other Funds	23 909	
Governments' Trust Fund accounts	47 727	211 018
UNDP Administered Trust Funds	<u>501</u>	<u>13 939</u>
	72 137	224 957
Accounts payable and sundry credit balances	3 491 685	3 969 484
Unliquidated obligations - current year	<u>7 381 710</u>	<u>8 999 046</u>
	10 945 532	13 193 487
	<u>(8 043 218)</u>	<u>(7 844 024)</u>

Certified correct:

Approved:


 M. Potash
 Acting Chief, Finance Branch


 S. S. Sidhu
 Secretary General

Price Waterhouse



REPORT OF INDEPENDENT ACCOUNTANTS

May 13, 1991

To the International Bank for Reconstruction
and Development and the Board of Auditors
of the United Nations

We have audited the accompanying statements of Status of Funds (Statement I), Expenditures by Source of Funds (Statement II) and Expenditures (Statement III) for certain United Nations Development Programme projects for which the International Bank for Reconstruction and Development (the Bank) acts as Executing Agency for the year ended December 31, 1990. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared in accordance with the format and accounting practices prescribed by the United Nations Development Programme and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the status of funds and expenditures of the International Bank for Reconstruction and Development as Executing Agency for certain United Nations Development Programme projects as of December 31, 1990 and for the year then ended, on the basis of accounting described in Note 2.

This report is intended solely for the International Bank for Reconstruction and Development for filing with the United Nations Development Programme and other interested parties and should not be used for any other purpose.

Price Waterhouse
(International Firm)

THE INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT AS EXECUTING AGENCY FOR CERTAIN
UNITED NATIONS DEVELOPMENT PROGRAMME PROJECTS
REPORT ON THE NATURE AND SCOPE OF AUDIT
AND OTHER SERVICES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 1990

NATURE AND SCOPE OF AUDIT SERVICES PERFORMED

Report Considerations

We have completed our audit of the financial statements for certain United Nations Development Programme (UNDP) projects for which the International Bank for Reconstruction and Development (the World Bank) acts as Executing Agency (hereafter referred to as "the UNDP projects"). As a result of our audit, we are of the opinion that such financial statements present fairly, in all material respects, the status of funds and expenditures of the organization for the year ended December 31, 1990 on the basis of accounting discussed below. Accordingly, we issued our audit report dated May 13, 1991 on these financial statements.

Our audit report on the 1990 UNDP project financial statements constitutes a special report which conforms with Statement on Auditing Standards No. 62 issued by the American Institute of Certified Public Accountants for financial statements prepared on a basis of accounting prescribed by a regulatory agency solely for filing with that agency. Our report is appropriate as the United Nations requires the World Bank to utilize the accounting practices (described below) which differ from generally accepted accounting principles.

We noted no significant differences in the financial statement format, or any significant changes in accounting procedures from the prior year. In accordance with the instructions received from the UNDP, the Bank has used the delivery method to account for all transactions. Under the delivery method, expenditures are recorded as services are performed or as goods are received, except those related to equipment purchases which have been accounted for under the commitment method which requires that obligations be accrued on the basis of purchase orders.

We conducted our 1990 audit in accordance with generally accepted auditing standards. These standards require that we: (a) perform a study and evaluation of the existing internal controls to determine the extent to which we can rely on the controls to provide assurance as to the validity of the recorded transactions or balances, and (b) obtain sufficient competent evidential matter through inspection of the accounting records and underlying documentation, observation, inquiries, analytical reviews and confirmations to afford a reasonable basis for an opinion regarding the financial statements.

The World Bank utilizes many of its own personnel and the procedures (including automated systems) to process the accounting information for the UNDP projects. Examples include bank reconciliation personnel and the procedures they perform. Since these procedures and the related controls were tested to our satisfaction during our audit of the World Bank, our scope of testing on the UNDP projects has been adjusted appropriately in order to minimize fees and duplication of effort.

Consideration of the Internal Control Structure

In planning and performing our 1990 audit of the financial statements of the UNDP projects, we considered the World Bank's internal control structure underlying such financial statements in order to determine our auditing procedures for the purpose of expressing our opinion on financial statements of the UNDP projects and not to provide assurance on the internal control structure. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Our consideration of the World Bank's internal control structure underlying the financial statements for the UNDP projects was more limited than would be necessary to express an opinion on the internal control structure taken as a whole.

The management of the World Bank is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and are recorded properly to permit the preparation of financial statements in accordance with UNDP accounting policies and procedures.

Audit Approach by Audit Area

Cash

At December 31, 1990, there were five cash accounts that the World Bank maintained for administering UNDP projects located around the world. Our audit effort in this area centered around confirmation and reconciliation of these accounts. All accounts were confirmed. Testing of the bank reconciliations for all accounts selected was also performed and consisted of the following procedures:

- o Comparison of bank balance per each reconciliation with the balance confirmed by the bank.
- o Agreement of the book balance per the reconciliation to the general ledger.
- o Agreement of any deposits in transit to deposits reported on January bank statements.
- o Examination of ledger credits shown as outstanding at December 31, 1990 per the reconciliation, noting in all cases that these were subsequently debited by the bank.
- o Recalculation of the translation of funds expressed in currencies other than U.S. dollars, into U.S. dollars at year-end based on the exchange rates supplied by the UNDP.
- o Investigation of all significant reconciling items.

For cash drawings, we performed detail testing including the recalculation of gain or loss on exchange on remittances selected on a systematic basis. Items listed as cash in-transit were tested by reviewing subsequent receipts.

Accounts Receivable and Other Assets

We reviewed all significant account balances at year-end through a combination of analytical review procedures, observation of subsequent receipts and review of supporting documentation which included tracing of corresponding balances from the vouchers to subsidiary ledgers and vice-versa.

Accounts Payable and Unliquidated Obligations

We reviewed all project accruals at December 31, 1990 which exceeded \$100,000. Our testing included the review of supporting documentation (review of invoices for those that were still unpaid at the date of our examination).

On an aggregate basis, payables to the World Bank were matched to respective receivables on the World Bank's books at December 31, 1990. In addition, a subsequent events review and a search for unrecorded liabilities was performed through our report date.

Allocations

The UNDP makes contributions, or authorizes them to be made, toward the cost of projects. Allocations are recorded in the accounts on the basis of written notification from the UNDP. For all new projects with current year allocations in excess of \$700,000, we performed the following audit procedures:

- o Agreement of allocations to project documents and other budget related documentation and correspondence maintained by project coordinators.
- o Review of proper approval on all project documents and budget revisions of both UNDP and World Bank officials.
- o Inquiry of project coordinators regarding the nature, status and other relevant information surrounding each project.

For all existing projects which had an increase or a decrease in allocations during the current year from the prior year in excess of \$1,000,000, we performed the following audit procedures:

- o Agreement of the reported increase or decrease to project and other budget related documents and to other relevant correspondence maintained by project coordinators.
- o Inquiry of project coordinators on the status of each selected project.
- o Review of approval on all project documents and budget revisions by both UNDP and Bank officials.
- o Agreement of allocations and disbursements to subsidiary ledgers.

Government counterpart contributions were summarized and tested as considered necessary. These contributions are made directly through the UNDP. Direct deposits were tested in connection with our cash testing and contributions made through UNDP were tested along with the other allocations.

Disbursements

We expend a significant amount of audit effort in this area due to the complexity of the disbursement system used in connection with UNDP projects at the World Bank. Disbursements are also material to the financial statements. We performed extensive testing to establish whether internal controls could be relied on for audit testing. We judgmentally selected 30 disbursement vouchers for key attribute testing. For each voucher, the following audit procedures were performed:

- o Review for proper support, appropriate approval and correct distribution by project and general ledger account.
- o Recalculation of the translation into U.S. dollars for those vouchers disbursed in currencies other than U.S. dollars.

We selected all UNDP projects which had current year disbursements in excess of \$500,000 (or U.S. dollars equivalent) for comparison to budget. The following audit procedure was performed:

- o Comparison of total budget and allocations to the sum of prior and current years' disbursements, obtaining explanations for any overruns noted.

We also reviewed the World Bank's computation of agency overhead cost (which is generally based on 11% of actual disbursements) noting that only the appropriate disbursements were charged with overhead.

We also tested the World Bank's Summarization of Expenditures by Country report (the "summarization"), by performing the following procedures:

- o Preparing a schedule grouping allocations, disbursements and accruals by project and country for the year, and agreeing total disbursements for each country, less total accruals, to disbursement amounts per the UNDP projects listing, and total accruals for each country to unliquidated obligations per the UNDP listing. This summarization appears in the 1990 financial statements covered by our report.

General

Additionally, we performed the following audit procedures:

- o Confirmation of the balances per the final UNDP Operating Fund Statement (OFS) from the UNDP.

- o Review of the reconciliation of the final OFS statement to the general ledger and review of all reconciling items with appropriate World Bank accounting and finance officials.
- o Obtainment of a representation letter from World Bank Trust Fund management and inquiry of management regarding their responsibility for the fair presentation of the financial statements.
- o Performance of a subsequent events review through our report date.
- o Review of correspondence between the World Bank and the UNDP that might have financial statement significance.
- o Performance of analytical procedures for each line item of the financial statements; and
- o Review of the financial statements for the UNDP projects at December 31, 1990 for proper presentation and disclosure.

OTHER SERVICES PROVIDED

Review of Selected Projects

In addition to the work performed in connection with the UNDP audit, we reviewed a selection of six UNDP projects administered by the World Bank in order to determine whether:

- 1) The World Bank's procurement procedures were followed;
- 2) Project progress reports were submitted to UNDP on a timely basis;
- 3) The World Bank's follow-up procedures in connection with problems noted in the progress reports were adequate;
- 4) Project expenditures were within budgeted amounts; and
- 5) Project was progressing as planned.

The projects selected for review were chosen from Asia. Our selection is designed to ensure that different projects are evaluated from year to year. Our review included detailed discussions with the World Bank's project staff located in Washington, D.C. responsible for the UNDP projects. We also reviewed the project files including project documents and related correspondence.

The projects selected for review are LAO/88/010, Laos, Feasibility Study of Nam Theun II Hydroelectric Project; NEP/86/024, Nepal, Upper Arun Hydroelectric Project Feasibility Study; BGD/85/022, Bangladesh, Consultancy Services for Drilling Management Assistance under Second Gas Development Project; BGD/85/076, Bangladesh, National Water Plan Project-Phase II; MYA/86/013, Myanmar, Petroleum Technical Assistance and Training; BHU/87/025, Bhutan, Power System Master Plan. The results of our review are summarized in the following sections.

Modification Of Planned Approach

In our 1987 report and in subsequent correspondence with UNDP, we indicated that we anticipated performing several on-site reviews of UNDP financed projects as administered by the World Bank. We had agreed to perform such site visits to evaluate managerial and operational efficiency, resulting effects on delivery, corrective actions, and additionally to provide comments of an overall nature concerning the management of UNDP projects.

Subsequently, based on discussions with the IAD and the Trust Funds Division regarding the nature and scope of our involvement in connection with the on-site reviews, we agreed to postpone any visits by us to consulting contractors and/or project locations. This decision was consistent with prior years due to the apparent duplication of effort that our involvement in on-site reviews would have implied considering the IAD work in this area. In this regard, we believe that the UNDP and the World Bank should agree on the nature and scope of the involvement that is expected from external auditors in connection with the performance of on-site reviews. We also wish to express our willingness to participate in the determining an appropriate on-site work program.

Review of Procurement Procedures

All of the six projects reviewed included procurement of either consultants, experts/fellowships and/or equipment. In all of the projects reviewed the procurement procedures noted were in accordance with the World Bank's guidelines or deviations were explained to our satisfaction.

In the projects involving the procurement of consultants, these guidelines include the establishment of selection criteria and a selection committee, the preparation of a list of qualified consultants with an adequate letter of invitation sent to each firm, the review of all proposals submitted, and the negotiation of a final contract. In projects involving the procurement of

experts/fellowships, the guidelines include the selection and approval of the expert/ fellowship by the country and the World Bank. In projects involving the procurement of equipment, the guidelines include the use of competitive bidding or the use of the World Bank's procurement department.

Review of Progress Reports

Two of the six projects reviewed reported progress in the standard UNDP format. Of the remaining four projects, two were not required to submit a progress report in UNDP format and one did not submit a report due to the fact that the project start date was July 1, 1990. The fourth project, a study, did not submit progress reports due to the nature of the output.

Review of Problem Follow-up

In the projects where problems were noted in the progress reports the follow-up procedures performed by the World Bank appeared to be adequate. The World Bank had taken steps to address the problem noted in the progress report. No problems of significance were noted that would threaten the continuation of the project.

Review of Budgets

In all cases, actual cumulative expenditures fell within total project budgeted expenditures (original or revised), however, in one case we noted that current year expenditures exceeded the budgeted expenditures for 1990.

Project Findings

LAO/88/010 - Laos, Feasibility Study of Nam Thuen II Hydroelectric Project

- o Consultants have been retained within World Bank guidelines;
- o A UNDP progress report was not submitted due to the nature of the output of the study;
- o Cumulative expenditures are within the total project budget, however, expenditures for 1990 exceeded budgeted expenditures for the year, and,
- o The feasibility study has progressed satisfactorily and a decision will be made in August 1991 as to whether the project will be extended from the feasibility phase to the design and environmental study phases.

NEP/86/024 - Nepal Upper Arun Hydroelectric Project Feasibility Study

- o Consultants have been retained and equipment has been procured within World Bank guidelines;
- o A UNDP progress report was not submitted due to the fact that the project did not officially begin until July 1, 1990.
- o Cumulative and 1990 expenditures are within the established project budgets; and
- o The project has progressed satisfactorily and substantially as planned in the project document.

BDG/85/022 - Bangladesh Consultancy Services for Drilling Management Assistance under Second Gas Development Project

- o Consultants have been retained and equipment has been procured in accordance with World Bank guidelines;
- o Cumulative and 1990 expenditures are within the established project budgets;
- o The project has progressed satisfactorily and the final report is expected to be completed by the end of August 1991.

BDG/85/076 - Bangladesh, National Water Plan Project - Phase II

- o Consultants have been retained and equipment has been procured in accordance with World Bank guidelines;
- o Quarterly progress reports were submitted by the consultant on a timely basis;
- o Cumulative and 1990 expenditures were within budgeted expenditures; and
- o The project was scheduled to close in March of 1991. This date has been extended until June 30. One phase of this project, training, remains open. The fate of this phase will be decided during the final tripartite review.

MYA/86/013 - Myanmar, Petroleum Technical Assistance and Training

- o Consultants have been retained and equipment has been procured in accordance with World Bank guidelines;
- o Progress reports have been submitted in accordance with the required timeframe and in the proper format;

- o Cumulative and 1990 expenditures are within budgeted expenditures; and
- o The project experienced significant delays (approximately nine months) due to political instability in Myanmar.

BHU/87/025 - Bhutan, Power System Master Plan

- o Consultants have been retained and equipment has been procured in accordance with World Bank guidelines;
- o Progress reports have been submitted in accordance with the required timeframe and in the proper format;
- o Cumulative and 1990 expenditures are within budgeted expenditures; and
- o Two phases of the project are progressing as planned and are expected to be completed in July of 1992 and 1993. The third phase, the hydrometeorological measurement network, has experienced several delays and is expected to be completed nine months behind schedule in December 1991.

September 30, 1991
Washington, D.C.

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME
EXECUTING AGENCY: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
STATUS OF FUNDS
As at December 31, 1990
(Expressed in U.S. dollars)

Operating Fund

Balance as of January 1, 1990		\$ 2,446,020
Add:		
Cash drawings from UNDP	\$ 62,047,078	
Cash transfers via Resident Representatives	(2,013)	
Prior years' unprocessed items	(400,642)	
Inter-office voucher charges	15,079,214	
Other charges	1,007,567	
Government contributions	(5,113)	
Settlement of agency billings	(633,614)	
Transfer of project expenditures	(1,016,974)	
Miscellaneous income and exchange adjustments	183,652	
Miscellaneous items charged to UNDP	<u>(229,642)</u>	<u>76,029,513</u>
		78,475,533
Deduct:		
Current year expenditures		
For projects		
Disbursements	65,714,710	
Unliquidated obligations	11,404,543	
For programme support costs	8,321,135	
For additional support costs	<u>28,000</u>	<u>85,468,388</u>
Balance as of December 31, 1990		<u>(\$ 6,992,855)</u>
Represented by:		
Accounts receivable		\$13,399,539
Deduct:		
Accounts payable and accrued expenses	8,987,851	
Current year unliquidated obligations	<u>11,404,543</u>	<u>20,392,394</u>
		<u>(\$ 6,992,855)</u>

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

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Price Waterhouse



REPORT OF INDEPENDENT ACCOUNTANTS

May 31, 1991

To the International Bank for Reconstruction
and Development, acting for and on behalf of the
International Finance Corporation as Executing
Agency for Certain Projects of the United Nations
Development Programme

We have audited the accompanying statements of Status of Funds (Statement I), Expenditures by Source of Funds (Statement II) and Expenditures by Country (Statement III) for Certain Projects of the United Nations Development Programme, for which the International Bank for Reconstruction and Development (the Bank) acts for and on behalf of the International Finance Corporation (the IFC) as Executing Agency, for the period February 8, 1988 (date of inception) to December 31, 1990. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared in accordance with the format and accounting practices prescribed by the United Nations Development Programme and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the status of funds and expenditures of certain projects of the United Nations Development Programme, as executed by the International Finance Corporation, for the period February 8, 1988 to December 31, 1990, on the basis of accounting described in Note 2.

This report is intended solely for the Bank, the IFC, and the United Nations Development Programme and other interested parties and should not be used for any other purpose.

Price Waterhouse
(International Firm)

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME
EXECUTING AGENCY: INTERNATIONAL FINANCE CORPORATION
STATUS OF FUNDS
DECEMBER 31, 1990
(in U.S. dollars)

Operating Fund

Balance as of January 1, 1990		\$(884,945)
Add: IOV's	\$ 17,040	
Other charges	6,497	
Transfer of project expenditures incurred by associated agencies	<u>809,604</u>	<u>833,141</u>
		(51,804)
Less: Current year expenditures		
For projects		
Disbursements	5,520,735	
Unliquidated obligations	836,608	
For programme support costs	<u>699,308</u>	<u>(7,056,651)</u>
		(7,108,455)
Add: Adjustment to prior year's expenditure	40,257	
Adjustment to prior year's program support	<u>4,428</u>	<u>44,685</u>
Balance at December 31, 1990		\$(<u>7,063,770</u>)
Represented by:		
Receivable from Trust Funds		\$ 801,198
Less: Accounts payable and and accrued expenses	7,028,360	
1990 unliquidated obligations	<u>836,608</u>	<u>(7,864,968)</u>
		\$(<u>7,063,770</u>)

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

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Coopers
& Lybrand

certified public accountants

REPORT OF INDEPENDENT ACCOUNTANTS

To the International Monetary Fund
and the Board of Auditors United Nations

We have audited the special-purpose statement of status of funds (Statement I) of the International Monetary Fund as executing agency for certain United Nations Development Programme projects as of December 31, 1990, and the related schedule of expenditure by source of funds (Schedule 1A) and schedule of expenditure by country (Schedule 2) for the year then ended. This financial statement and schedules are the responsibility of the executing agency's management. Our responsibility is to express an opinion on this financial statement and schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statement and schedules were prepared for the purpose of complying with the Executing Agency Agreement between the United Nations Development Programme and the International Monetary Fund. The financial statement and schedules have been prepared in accordance with the format and accounting practices prescribed by the United Nations Development Programme; on such basis, expenditures are recognized when obligations are incurred but allocations are recognized when drawn from the United Nations Development Programme. Accordingly, the financial statement and schedules are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the special-purpose financial statement and schedules referred to above present fairly, in all material respects, the status of funds of the International Monetary Fund as executing agency for certain United Nations Development Programme projects as of December 31, 1990 and expenditures for the year then ended on the basis of accounting described in the preceding paragraph.

This report is intended solely for the information and use of the International Monetary Fund for filing with the United Nations Development Programme and other interested parties and should not be used for any other purpose.



Washington, D.C.
March 22, 1991

INTERNATIONAL MONETARY FUND
UNITED NATIONS DEVELOPMENT PROGRAM

STATUS OF OPERATING FUNDS AS AT DECEMBER 31, 1990
(in U.S. dollars)

Balance at January 1, 1990.....		\$	-
Add: Cash drawings from UNDP.....	681,000.00		
IOV's (related to projects as Agent).....	240,516.77		
Other charges/credits (net).....	-		
Miscellaneous income and exchange adjustments (net).....	-		
Miscellaneous items refunded to UNDP (net).....	-		921,516.77
			<u>921,516.77</u>
Less: Expenditure during 1990			
For projects			
Disbursements (Schedule 1A).....	1,129,493.34		
Unliquidated obligations (Schedule 1A)....	176,128.57		
For program support costs (Schedule 1A).....	<u>169,702.21</u>		<u>1,475,324.12</u>
			<u>(553,807.35)</u>
Add/Subtract:			
Adjustment to prior year's expenditure.....	-		
Adjustment to prior year's program support costs.....	-		-
Balance at December 31, 1990.....			<u><u>\$ (553,807.35)</u></u>
Represented by:			
Cash at banks, on hand and in transit.....		\$	-
Accounts receivable.....			-
Due to the IMF.....			(377,678.78)
Less: Accounts payable.....	-		
1990 Unliquidated obligations (Schedule 1A)...	<u>\$ (176,128.57)</u>		<u>\$ (176,128.57)</u>
Total.....			<u><u>\$ (553,807.35)</u></u>

Translation from French

Swiss Federal Audit Office

3003 Berne, 15 April 1991

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UNIVERSAL POSTAL UNION, BERNE

ACCOUNTS OF TECHNICAL COOPERATION PROJECTS
OF THE UNITED NATIONS DEVELOPMENT PROGRAMME

Financial year 1990

External Auditor's report

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Terms of reference

1 In accordance with article 35 of the Financial Regulations of the Universal Postal Union (UPU) and article XVII of the Financial Regulations and Rules of the United Nations Development Programme (UNDP), I have, as external auditor appointed by the Government of the Swiss Confederation, examined the Technical Cooperation project accounts, kept in United States of America dollars, drawn up at 31 December 1990.

2 In performing my duties at the headquarters of the UPU in Berne, I was assisted by several qualified colleagues from the Federal Audit Office.

3 I should like to express my appreciation of the helpfulness shown by all the UPU International Bureau officials who were called on to provide the information and documents I required to carry out my task.

4 During our audit, my assistants had regular talks with Mr M Mazou, Assistant Director-General and Head of the Technical Cooperation Division, and Mr G Beney, Senior Counsellor and Head of the Finance Section. Mr J Ascandoni, Deputy Director-General, was informed of the problems encountered during the final audit of the accounts.

Audits and observations

General

5 Our work was conducted in conformity with generally accepted common auditing standards, respecting the additional terms of reference attached to the UPU Financial Regulations and in accordance with the rules issued by the UNDP. In so far as they applied to our audit, the auditing standards adopted by the Panel of External Auditors of the United Nations were followed.

6 Our audits by sampling dealt with the accounting of the movements relating to the "Indicative Planning Figures (IPF)" and "Special Programme Resources (SPR)" allocations, the expenditure and proceeds for the financial year and the liquid funds. The correctness of the items appearing on the financial statements at 31 December 1990 (Statement I, Schedules 1A and 2) was checked, and the balances of the various cash accounts at that same date were compared with those given in the statements or certificates issued by the depositaries. All other assets and liabilities were examined and a comparison was made with the latest UNDP document (OFS 90-12) at 31 December 1990 (see paragraphs 9 and 10 below).

Book-keeping

7 As in the previous financial year, the books were not always kept up to date in 1990. Arrears were noted in particular in the management of cash accounts. Moreover, certain items which had already appeared in the balance-sheet at 31 December 1989 under "Advances on mission costs", "Accounts receivable" and "Accounts payable" were still open at the time of the audit, although, in the opinion of my assistants, they should have been regularized, at least in part.

IPF and SPR allocations

8 At the time of the audit, the UPU International Bureau had not yet received the documents from the UNDP (Status of Allocation by Agency). As a result, no comparison could be made of the amounts recorded on the basis of the project documents.

Operating Fund

9 Following last year's observation about the substantial discrepancy between the UPU books and those of the UNDP (see paragraphs 9 and 10 of my report of 12 April 1990) and the concern which this caused, the UPU International Bureau prepared detailed comparisons relating to several years in a new form in line with UNDP instructions. They were sent to and discussed with the relevant UNDP Bureaux after which I was given the oral assurance that the necessary amended entries had been made at the UNDP.

10 My assistants satisfied themselves that the discrepancies contained in the last UNDP financial statement at 31 December 1990 (OFS 90-12 Final), in sections 24 "IOVs", 29 "Other Charges" and 50 "Proj. exp. by Ass. Agencies" were justified. However, from the documents available, they were unable to assess whether the accounting entries recorded at the UNDP had made it possible to establish agreement of the balances at 31 December 1990 with the UPU's financial statements, bearing in mind the unavoidable overlapping. I have asked the International Bureau to follow developments in this matter closely.

Sectoral support allocation

11 The allocation granted for sectoral support in 1990 amounted to 50 000 dollars to which was added 9461.39 dollars, the unused balance carried forward from the previous financial year. The 1990 expenditure on the various missions carried out totalled 39 723.63 dollars, leaving a residue of 19 737.76 dollars.

12 The above-mentioned residue represents 39.5 percent of the 1990 allocation. In accordance with the Instructions of 3 December 1985 issued by the UNDP Administrator the portion over 25 percent should, in principle, be paid back. However, since the missions scheduled for Nepal and Iraq could not be carried out in 1990, the UPU International Bureau wants to be able to implement them in 1991, financing them with the amount still available.

13 My assistants asked to see the reports prepared following the missions carried out in 1990. During the audit, the report on Paraguay (3 November-30 November 1990) was not yet available while the reports on Jamaica (17-20 October 1990) and Trinidad and Tobago (17 October-20 November 1990) had not yet been sent to the UNDP.

Outstanding obligations

14 Of the total brought forward from financial year 1989 (346 380 dollars), 122 532 dollars, or 35 percent, were credited to various projects because the component that made up that figure did not correspond to commitments which had fallen due.

15 Outstanding obligations on the Statement of Funds at 31 December 1990 totalled 459 630 dollars, which was slightly less than 15 percent of the expenditure during the financial year. To this amount should be added 24 500 dollars relating to 1989. This latter item comes under Liabilities in the balance-sheet (Accounts payable). The above amounts break down as follows:

	US\$
- Outstanding obligations "Experts"	125 200.00
- Outstanding obligations "Fellows"	18 400.00
- Outstanding obligations "Equipment and materials"	315 430.00
- Outstanding obligations "Miscellaneous"	<u>600.00</u>
	459 630.00
- Outstanding obligations 1989 "Equipment and materials"	<u>24 550.00</u>
	<u>484 180.00</u>

16 The audits carried out in this area allow me to confirm that these outstanding obligations were brought to account in compliance with the Instructions of the Director of the UNDP Finance Division (Interoffice Memorandum of 18 October 1990). As regards equipment and materials, the outstanding obligations were recorded when the credits were in the budget of the financial year and a firm order had been placed before 31 December 1990. For local purchases, the authorization given by the UPU International Bureau counts as an order.

Support costs

17 The 1990 support costs brought to account by the International Bureau of the UPU were calculated on the basis of the expenditure on 1990 projects, including outstanding obligations. In accordance with the decision of the UNDP Governing Council, 28th session, and the agreement given by the UNDP Administrator, the rate applied was 22 percent.

Procedures for purchase of equipment and materials

18 In December 1990, the UPU International Bureau published a brochure entitled "Basic Rules and Procedures for Procurement of Equipment for Universal Postal Union Technical Assistance Projects", thereby acting on remarks made in my last year's report.

19 Some of the methods of application contained in that document will be examined by my assistants in 1991.

Execution of projects

20 The budgetary and financial development of certain projects was examined on the basis of the documents available at the UPU International Bureau. By analyzing the reports provided for under UNDP rules, in particular, the progress reports, the tripartite review reports, evaluations and terminal reports, my assistants were able to assess the extent to which the objectives set had been achieved. I summarize below, the observations and remarks relating to three projects. As applicable, they are followed by comments made by the UPU International Bureau within the meaning of paragraph 9 of the additional terms of reference governing external audit:

21 Project 1

This project which should have been finished in September 1988 was still being executed at the time of our audit (October 1990).

Following one of the tripartite reviews, some objectives had to be reformulated as the local authorities had been unable, through lack of funds, to put into effect the general reorganization of the postal services prepared by the management consultant recruited by the UPU International Bureau. As a result, objective No 1 of this project could not be implemented as planned. However, this reorganization is still necessary; it will be introduced gradually, ie bearing in mind the

financial possibilities of the postal administration. That is why, to enable the United Nations Volunteer working under the project to update the reorganization plan, his contract has been extended a year until 26 November 1991.

As regards the progress of some activities, the files consulted showed that the beneficiary administration was late in providing the UPU International Bureau with the information necessary to purchase various materials budgeted for in 1990. At the same time, there was some delay in selecting certain Fellows.

In view of the extension of the United Nations Volunteer's mission, the UPU International Bureau plans to have this project evaluated by one of its Regional Advisers in 1991. Evaluation of various individual training activities (fellowships) implemented under the project was under way.

Comment by the UPU International Bureau: "The beneficiary administration of the project was reminded to provide as quickly as possible the information necessary for purchasing abroad the last pieces of equipment scheduled (posting boxes, franking machines and overhead projector screen)."

22 Project 2

One of the objectives of this project, "postal mechanization" had been set at the request of the then Director of the postal administration. During the tripartite review, the UPU International Bureau representative persuaded the new Director of that administration that it was too early, in view of the infrastructure available, to conduct a study aimed at the above objective. Instead, all the parties concerned agreed to stress "postal management", which redirected the project without involving any extra cost. However, one wonders why it was not possible, when the original project was prepared, to see that the existing infrastructure was not sufficient for one of the objectives set.

All the scheduled missions were carried out successfully. The terminal report showed that the results achieved as regards "Urban delivery" and "Introduction of the postcode" were considered encouraging. However, in other fields, more sustained action would have to be taken. To ensure that the recommendations made in the terminal report are implemented, the UPU International Bureau plans to assign a follow-up mission to one of its Regional Advisers.

Comment by the UPU International Bureau: "When a technical assistance project document is being formulated, requests made by the beneficiary country must always be regarded as having priority and the immediate objectives of the project have to be defined in agreement with the relevant authorities. The mid-term tripartite review of the execution of this project showed that one of these immediate objectives had to be modified in order to improve the effectiveness of the means available, in line with the new policies adopted by the country."

23 Project 3

According to the original project document, 156.5 m/m of experts and a total estimated cost of 1 500 000 United States of America dollars were budgeted for restructuring the services and changing the outdated work and management methods of the National Post Office Corporation.

The project activities were due to start in June 1987. They actually started in March 1988, not without some problems linked to the installation of two experts recruited by the UPU International Bureau. Moreover, several changes were made to the experts' missions at a working meeting in June 1988 held on the initiative of the executing agency and designed to assess the human, material and financial conditions of the project start-up, to evaluate its feasibility in the light of the actual local situation and to propose appropriate strategic and budgetary modifications. While noting the positive effect of the International Bureau's rapid intervention, which made it possible to make the necessary changes very soon, one is entitled to ask whether the reasons and circumstances mentioned were not already known when the project was prepared.

At the tripartite review in October 1989, implementation of the outputs initially provided for was estimated at 50 percent. However, they were no longer exactly what the National Post Office Corporation wanted because it had started a restructuring phase. In a bid to continue the effort, the parties involved in this project decided to make some changes to it and extend it to August 1991. From the financial point of view, this extension raised the UNDP contribution from 1 500 000 dollars to 2 691 041 dollars, with 226.5 m/m of experts instead of 156.5.

Comment by the UPU International Bureau: "The late start to the project in March 1988 was due to difficulties in recruiting the senior expert, the project manager, who was not approved by the Government until 10 February 1988. As regards the relevant changes in strategy decided on in June 1988, they could not have been known when the project was prepared. The original document was prepared by the UPU International Bureau in 1986 on the basis of the objectives set by the national authorities in 1985 in negotiations with the UNDP. It was normal practice, some time after the beginning of a project, to review the various activities scheduled so as to adapt them to the actual local situation of the moment, particularly as the Government had just decided on a major restructuring of the public sector as part of a structural adjustment programme of the economy."

Conclusions

24 Following the work done, I am in a position to issue the audit certificate appended to annex 2 to this report.

F FAESSLER

Deputy Director
SWISS FEDERAL AUDIT OFFICE

(External Auditor)

Annexes:

- 1+2 Statement I
 - Status of Funds as at 31 December 1990
- 3 Schedule 1A
- 4+5 Schedule 2



UNIVERSAL POSTAL UNION
INTERNATIONAL BUREAU

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME

Status of Funds as at 31 December 1990
(in US dollars)

Operating Fund

Balance at 1 January 1990		(392 605.82)
Add: Cash drawings from UNDP	1 125 000.00	
IOVs	2 399 825.48	
Other charges (net)	(57 599.27)	
Miscellaneous income and exchange adjustments (net)	65 879.98	
Miscellaneous items refunded to UNDP (net)	(97.97)	3 533 008.22
		<hr/>
		3 140 402.40
Subtract: Expenditure during 1990:		
For projects		
Disbursements (Schedule 1A)	2 629 002.00	
Unliquidated obligations (Schedule 1A)	459 630.00	
For programme support costs (Schedule 1A)	679 499.04	3 768 131.04
		<hr/>
Balance at 31 December 1990		(627 728.64)
		=====
Represented by:		
Cash at banks, on hand and in transit (Schedule 8bis)		98 437.16
Accounts receivable (Schedule 8)		205 655.73
		<hr/>
		304 092.89
Less: Accounts payable (Schedule 9)	472 191.53	
1990 unliquidated obligations (Schedule 1A)	459 630.00	931 821.53
		<hr/>
		(627 728.64)
		=====

CERTIFIED CORRECT

G. BENEY

Chief, Finance Section

APPROVED

A.C. BOTTO DE BARROS

Director-General

/...

Audit Certificate

I have examined the above financial statement. 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.

The financial statement presents fairly the financial position as at 31 December 1990 and the results of its operations for the period then ended. For further details, I refer to my audit report of 15 April 1991.

Berne, 15 April 1991



F. Faessler

Deputy Director
Swiss Federal Audit Office
(External Auditor)

Eidgenössische Finanzkontrolle
Contrôle fédéral des finances
Controllo federale delle finanze
Swiss Federal Audit Office
943.0.1.15/90
E1/im

3003 Bern, 13 May 1991

ANNEX C

**INTERNATIONAL TELECOMMUNICATION UNION, GENEVA
ACCOUNTS FOR THE TECHNICAL COOPERATION PROJECTS OF THE
UNITED NATIONS DEVELOPMENT PROGRAMME**

Financial year 1990

Report by the External Auditor

/...

Terms of reference

1. Under Article 51 of the Financial Regulations of the International Telecommunication Union (ITU) and Article XVII of the Financial Regulations and Rules of the United Nations Development Programme (UNDP), I inspected the accounts of Technical Cooperation projects, kept in United States dollars, as at 31 December 1990, in my capacity of External Auditor appointed by the Government of the Swiss Confederation.

2. For the performance of this task at ITU headquarters in Geneva, I called on several qualified officials of the Federal Audit Office.

3. I wish to express my appreciation for the courtesy shown by all the officials of the ITU who were approached in supplying the information and documents needed for the performance of my task.

4. During the audit my colleagues had regular meetings with Mr. R. Prélaz, former Chief of Department, and Mr. A. Tazi-Riffi, Chief of the ITU Finance Department. They also spoke with Mr. A.E. Embedoklis, Chief of the Field Operations Department and Coordinator of the ITU Telecommunications Development Bureau (BDT).

Verifications and comments

General

5. The audit was carried out in keeping with standard auditing procedures, in conformity with both the additional terms of reference attached to the Financial Regulations of the ITU and the relevant UNDP rules. In so far as they were relevant to our work, the standard procedures used by the group of External Auditors of the United Nations were followed.

6. Spot checks were made of the posting to account of movements relating to allocations for indicative planning figures (IPF), special programme resources (SPR), special measures for the least developed countries (LDCs) and government cash counterpart contributions (GCCC), expenditure and income during the financial year and cash funds. The accuracy of the items appearing in the financial statements at 31 December 1990 (Statement I, Schedules 1A and 2) was verified. The balances in the various accounts on the same date were checked against those appearing in the bank statements. The other main items, both assets and liabilities, were inspected and the financial statements were compared with the latest UNDP document (OFS 90-12) at 31 December 1990.

Allocations for IFP, SPR, LDCs and GCCC

7. The checks carried out on the allocations posted to account by the ITU in 1990 revealed a difference of 1,529,948 dollars between the ITU's figures and those in the UNDP recapitulatory document (Status of Allocation by Agency). According to the information supplied to my assistants, it would appear that the UNDP annual figures relating to seven projects are incorrect. The responsible ITU officials were asked to take steps to ensure that the differences in question are eliminated.

8. For some IPF and LDC projects, the allocation is less than expenditure or is even lacking altogether. In some cases the difference is due to adjustments which should be taken into account in the annual mandatory revision and which will be the subject of an additional allocation. There too, the ITU will have to see to it that the missing allocations - which, in the case of three LDC projects, are relatively substantial - actually materialize.

9. The GCCC allocations posted to account match the figures in the document entitled "Schedule of GCCC 1989 Income and Expenditure as of 31 December 1989" transmitted to the ITU on 31 August 1990 by the Head of the Accounts Section of the UNDP Finance Division.

Operating Fund statement

10. The statement of UNDP funds drawn up by the ITU at 31 December 1990 shows a balance of 1,763,555.47 dollars, whereas the amount given in the latest UNDP document (OFS 90-12 Final) is 1,765,345.47 dollars. The difference of 1,790 dollars corresponds to a credit of 3.5% of support costs erroneously entered by UNDP under expenditure on project GCCC BRA 87003. The required correction will have to be made by UNDP in 1991.

Cash resources

11. For the period January-October 1990, checks were made of the remittal by UNDP of funds, in dollars and various other currencies, required for project implementation. The checks produced positive results, showing that the transfers had been accurately recorded in the Union's cash accounts. For one month, my assistants also checked that the entries in the ITU accounts tallied with the amounts shown in the bank statements.

Sectoral support allocation

12. The sectoral support allocation statement in the ITU accounts shows a credit balance of 108,118 dollars, which comprises balances of 26,174 dollars and 50,944 dollars owed to UNDP under the allocations for 1988 and 1990. Allowing for these two amounts, which are to be debited by UNDP in 1991, the balance available to the ITU on 1 January 1991 amounted to 31,000 dollars, which is identical to the figure given in UNDP's fax message of 21 March 1991.

13. The following operations were recorded during the financial year:

	US \$
- Excess expenditure carried over from 1989	(7,540.- -)
- Allocation 1990	124,000.- -
	<hr/>
- Expenditure 1990	116,460.- -
	(34,516.- -)
	<hr/>
	81,944.- -
	<hr/>

Unliquidated obligations

14. Out of the total balance carried over from 1989 (4,836,376 dollars), a sum of 232,278.97 dollars, i.e. 4.8%, was credited to the various projects because the items making up this figure were not taken up by commitments that had fallen due.

15. Unliquidated obligations which appear on the statement as at 31 December 1990 stand at 2,625,760 dollars, equivalent to slightly less than 10% of the financial year's expenditure. To this amount should be added 478,825 dollars for 1987, 1988 and 1989. The latter item appears under the balance sheet liabilities (Accounts payable). The amounts indicated above break down as follows:

	US \$
- Unliquidated obligations "Experts"	218,717.- -
- Unliquidated obligations "Fellows"	22,400.- -
- Unliquidated obligations "Equipment"	<u>2,384,643.- -</u>
	2,625,760.- -
- Unliquidated obligations 1987, 1988 and 1989 "Equipment"	<u>478,825.- -</u>
	<u>3,104,585.- -</u>

16. After due verifications, I can confirm that the unliquidated obligations have been posted to account in accordance with the Instructions of the Director of the UNDP Finance Division (Interoffice Memorandum of 18 October 1990). As far as equipment is concerned, obligations were recorded in cases where credits had been included in the budget of the financial year and a firm order had been placed or a contract signed before 31 December 1990 but the accounts had not been settled either because the goods had not yet been delivered or the service provided or because the invoice had not yet been received by the executing agency. Despite the arrangements made when the accounts of the previous financial year were closed, my colleagues again noted

that in some cases the conversion into dollars of the cost of equipment expressed in another currency had been based on a rate of exchange different from the United Nations rate for December 1990. In order to avoid misunderstandings and to ensure that such inaccuracies are not repeated in the future, the procedure to be followed has been spelt out with the responsible officials.

Support costs

17. Support costs posted to account by the ITU were determined on the basis of the 1990 project expenditure, including unliquidated obligations. In general, the rate applied was 13%, except in the case of certain projects for which a lower rate was agreed.

18. The checks made on the conversion into Swiss francs and the transfer of sums due to the executing agency call for no special comment.

Experts and consultants

19. My colleagues carried out spot checks in order to satisfy themselves that salaries, post adjustments and family allowances, as well as various deductions, had been calculated on the basis of the appropriate scales and were in line with the contracts of the individuals concerned as well as with the rules applicable to technical assistance project personnel.

20. Other payments made to the experts and consultants whose files were examined, such as rental subsidies, mobility and/or hardship allowances, installation grants, removal expenses, education grants and repatriation grants, were checked to verify entitlement, method of calculation and correct posting to account.

Project implementation

21. In November 1990 the budgetary and financial development of certain projects was examined on the basis of documents available at ITU headquarters. My colleagues analysed the various reports referred to in the UNDP regulations (in particular, progress, tripartite review, evaluation and final reports), in order to assess the extent to which objectives had been achieved. The findings and comments concerning four projects are set out below.

22. Project No. 1

This project for developing a master plan for telecommunications, defining an investment programme and strengthening the recipient Administration's capacity was not launched until February 1987, i.e. 11 months later than expected.

To start with, the office space required for the experts and counterparts was not available. The fact that the counterparts were not in the same offices as the international team and were being used for other work was a serious hindrance to proper project implementation and, in particular, to the transfer of know-how and experience. Furthermore, deadlines for the supply of equipment ordered from the Sales Service (IAPSU) were not met. On the project site, customs formalities also took some time to complete.

The project was finally implemented in 18 months instead of 14. According to the final report, all the objectives were met except one relating to frequency management and monitoring, the various aspects of which were to have been taken up again by the expert concerned, whose recommendations were too general to be of use to the Administration and who in July 1987 had been asked by the ITU to rewrite his report but had not done so.

The ITU was invited by my colleagues to give its opinion on the absence of some of the follow-up, evaluation and report documents referred to in the UNDP Policies and Procedures Manual. Its reply is given below:

"None of the parties (UNDP, Government, ITU) having considered it necessary to hold any other meetings, only one tripartite review was organized. In addition, from July 1987 onwards, the progress reports were to cover a one-year period; that is why the report initially scheduled for January 1988 was not prepared."

23. Project No. 2

Implementation of this project started in 1985 with a preparatory phase and was completed in 1989. The actual costs were 13% lower than the estimates, amounting to 365,936 US dollars.

Only one progress report was prepared during the implementation period. On the other hand, two documents on the "status of the project" sum up activities carried out up to February 1987 and January 1988 respectively. A tripartite review meeting was held on 9 December 1986. Political instability in the country concerned made it impossible for the UNDP Resident Representative to convene a second meeting.

Early in 1989 the recipient Administration refused to have the final report prepared by the senior expert. From the information supplied to my colleagues, it seems that the reasons for the refusal are internal to the national Administration. The deadlock continues to this day; the Administration has had three new Directors-General in succession and no decision has been taken, hence the absence of the final report.

At the time of the audit, moreover, the required signatures had not yet been affixed to the document transferring title to the property. A reminder was sent to the Resident Representative on 16 November 1990.

24. Project No. 3

The total contribution by UNDP was raised by 210,594 US dollars in relation to the initial project (+60%). The additional funds allocated were used for new fellowships and for the purchase of equipment essential to ensure the proper functioning of the centre for digital broadcasting techniques.

No final tripartite review meeting was organized, for the following reason: "No such meeting was convened in 1989, as the project's objectives had been achieved and implementation was almost complete".

At the time of the audit, the final report had not yet been delivered. The draft prepared by the Government was not transmitted to the ITU until 12 November 1990 and still has to be finalized by the executing agency before it can be printed and distributed.

25. Project No. 4

This one-year project was implemented between March 1988 and April 1989. Because of its interregional nature, no progress reports were prepared and no tripartite review was carried out.

The objective was to identify various countries' telecommunication and radio-television requirements. In most of the cases, the senior telecommunication officials seem to have an incomplete and at times erroneous conception of the ITU's technical cooperation activities and role. The needs are so great in the regions concerned that they are fairly easy to identify; the major problem to be solved is that of funding projects.

At the time of the audit my colleagues noted that the ITU was in possession of a printer which had been purchased for the project and which, as it belonged to equipment category II, should either have been transferred to another project or sold. The responsible officials were asked to settle this matter.

Conclusions

26. As a result of the operations carried out, I am in a position to state that the accounts are kept correctly and that the entries are in conformity with the supporting vouchers.

27. On the basis of the work carried out, I am able to issue the certificate which appears at the end of the following documents (Statement I):

- UNDP status of funds (Annexes 1 and 2);
- Statement for UNDP funds-in-trust RAS88009;
- Statement for UNDP funds-in-trust RAS89002;
- Statement for sectoral support funds INT78020.

(Signed)

F. Faessler

Deputy Director
SWISS FEDERAL AUDIT OFFICE

(External Auditor)

Annexes:

- 1 + 2 Statement I
- Status of funds as at 31 December 1990
- 3 Schedule 1A
- 4 10 Schedule 2

STATEMENT I

United Nations Development Programme

(International Telecommunication Union)

Status of Funds as at 31 December 1990
(in US Dollars)

<u>Operating Fund</u>		\$	\$
Balance at 1 January 1990			-4.616.773,00
Add:	Cash drawings from UNDP		22.833.920,97
	IOVs		11.237.060,41
	Other charges/credits net		-643.907,53
	Miscellaneous items refunded		
	and exchange adjustments (net)		121.313,06
	Credits incurred on completed projects		22.600,42
			<u>28.954.213,53</u>
Deduct:	Expenditure during 1990		
	(Schedule 1 A)		
	For projects:		
	disbursements	24.653.788,00	
	unliquidated obligations	2.625.760,00	
	For programme support costs	3.438.221,00	30.717.769,00
			<u>-1.763.555,47</u>
Balance as at 31 December 1990:			<u><u>-1.763.555,47</u></u>
<u>Represented by</u>			
	Cash at banks, on hand and in transit		1.279.489,67
	Accounts receivable (Schedule 8)		1.170.669,67
			<u>2.450.159,34</u>
Deduct:	Accounts payable (Schedule 9)	1.587.954,81	
	1990 Unliquidated obligations	2.625.760,00	4.213.714,81
			<u>-1.763.555,47</u>

STATEMENT I (continued)

Certified correct:



A. Tazi-Riffi
Chief of the Finance Department

Approved:

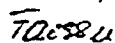


Pekka Tarjanne
Secretary-General

AUDIT CERTIFICATE

I have examined the above financial statement. 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.

The financial statement presents fairly the financial position as at 31 December 1990 and the results of its operations for the period then ended.



F. Faessler

Deputy Director
SWISS FEDERAL AUDIT OFFICE

(External Auditor)

Date: 11 March 1991

UNITED NATIONS DEVELOPMENT PROGRAMME

INTERNATIONAL MARITIME ORGANIZATION

1 Introduction

- 1.1. The transactions of the International Maritime Organization as an Executing Agency of the United Nations Development Programme, during the year ended 31 December 1990, are recorded in the annexed Statement I and the accompanying schedules in the form prescribed by the UNDP.

2. Statement I

- 2.1. Cash drawn from the UNDP during the year amounted to \$5,942,552 whilst payments made on behalf of IMO directly from UNDP funds for programme expenditure and charged to IMO by inter-office vouchers, totalled \$1,464,454. Net miscellaneous charges were \$400,598.
- 2.2. Expenditure on project activities during 1990 amounted to \$5,356,551 (compared with \$5,913,395 in 1989) made up of disbursements of \$4,596,356 plus unliquidated obligations of \$760,195. Programme support costs of \$1,100,000 brought the total expenditure to \$6,456,551. The balance \$457,609 as at 31 December 1990 represents the cash resources still to be provided by the UNDP to meet the expenditure committed on the Programme as at that date.
- 2.3. Unliquidated obligations remaining from previous years amounted to \$154,668.
- 2.4. The support cost of \$1,100,000 charged in the account to meet the cost of IMO's technical and administrative support of the programme, consists of 13% of the \$5,356,551 project expenditure plus an amount of \$403,648 claimed under the arrangement for support cost flexibility for small agencies approved by the UNDP Governing Council.
- 2.5. The number of individual projects on which expenditure was incurred in 1990 was 48.

3. EQUIPMENT

- 3.1. Expenditure on equipment supplied to projects has been charged as current expenditure and is included in the total of expenditure on projects. Non-expendable items of equipment delivered to projects, costing \$25 or over, are recorded in inventories.



W.A O' NEIL
Secretary-General

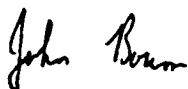
OPINION OF THE EXTERNAL AUDITOR

To: The Assembly of the International Maritime Organization

I have examined the appended Status of Funds Statement and Schedules 1A and 2 of the International Maritime Organization as Executing Agency of the United Nations Development Programme for the year ended 31 December 1990, in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

As a result of my examination I am of the opinion that the Statement and Schedules present fairly the financial position as at 31 December 1990 and the results of the operations for the period then ended; that they were prepared in accordance with the stated accounting policies which were applied on a basis consistent with that of the preceding financial period; and that the transactions were in accordance with the Financial Regulations and legislative authority.

I have no observations to make on these financial statements.



JOHN BOURN
(Comptroller and Auditor General, United Kingdom)
External Auditor

STATEMENT 1


UNITED NATIONS DEVELOPMENT PROGRAMME
International Maritime Organization

Status of Funds as at 31 December 1990
(in US Dollars)

<u>Operating Fund</u>	\$	\$
Balance at 1 January 1990		(1,007,466)
Add: Cash drawings from UNDP	5,942,552	
IOVs	1,464,454	
Other charges/credits (net)	(486,054)	
Miscellaneous income and exchange adjustments (net)	115,175	
Miscellaneous items refunded to UNDP (net)	(29,719)	
	<u> </u>	<u>7,006,408</u>
		5,998,942
Less: Expenditure during 1990		
For projects:		
Disbursements (Schedule 1A)	4,596,356	
Unliquidated obligations (Schedule 1A)	760,195	
For programme support costs (Schedule 1A)	<u>1,100,000</u>	
		<u>(6,456,551)</u>
Balance at 31 December 1990		(457,609) =====
Represented by:		
Cash at banks, on hand and in transit		173,334
Accounts receivable (Schedule 8)		<u>460,975</u>
		634,309
Less: Accounts payable (Schedule 9)	331,723	
1990 unliquidated obligations (Schedule 1A)	<u>760,195</u>	
		<u>(1,091,918)</u>
		(457,609) =====



D. MUTHUMALA
Head, Finance and Budget Section



W.A. O'NEIL
Secretary-General

3003 Bern, 6 May 1991

WORLD INTELLECTUAL PROPERTY ORGANIZATION, GENEVA

TECHNICAL COOPERATION PROJECT ACCOUNTS OF THE
UNITED NATIONS DEVELOPMENT PROGRAMME

Fiscal Year 1990

Report of the External Auditor

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MANDATE

1. In conformity with the agreements made between the World Intellectual Property Organization (WIPO) and the Government of the Swiss Confederation with regard to the external audit of accounts and pursuant to Article XVII of the United Nations Development Programme (UNDP) Financial Regulations and Rules, I have, in my capacity as External Auditor, examined the Technical Cooperation Project accounts, stated in United States dollars, for the year ended 31 December 1990.
2. In the course of my work, which was carried out at the headquarters of the International Office of WIPO in Geneva, I was assisted by Mr. D. Neier and Mr. P.-A. Angeretti, of the Federal Financial Control Office.
3. I should like to express my thanks to all the officials of the International Office of WIPO for their kind cooperation in providing me with the documents necessary to carry out my mandate.
4. In the course of my review, all comments and verifications were routinely discussed with Mr. T. A. J. Keefer, Director of the Division of Budget and Finance at WIPO, Mr. P. Favatier, Chief of the Financial Section, and Mr. M. Pautasso, Administrator, Development Cooperation Programme Support Unit.

AUDIT AND CONCLUSIONS

General remarks

5. This audit has been prepared in accordance with generally accepted accounting principles, in order to fulfil the mandate laid down in WIPO's Financial Regulations and in accordance with the rules established by UNDP. The auditing standards used were those adopted by the United Nations Group of External Auditors, in so far as they apply to verification.
6. Auditing tests covered transactions relating to receipts and expenditures for the year and to liquid assets. The accuracy of entries shown on the financial statements at 31 December 1990 (Statement I, Schedules 1A and 2) has been verified. The Treasury account balance at that date has been compared with the balance shown on the bank's statement. The other main asset and liability entries were examined. The last UNDP document (OFS 90-12) at 31 December 1990 and the books kept by the International Office of WIPO were reconciled. The reconciling entries have been properly entered into these last accounts.

Management of funds

7. Liquid asset management and their accurate bookkeeping entry were analysed and audited for a one-month period. My assistants also verified that the Clearing Account of the International Office of WIPO was adjusted monthly.

Experts and consultants

8. Several missions carried out within the framework of various projects were reviewed on the basis of audit samples. My collaborators reviewed the salaries and other benefits paid to experts and consultants, with particular regard to their legality, the method used in determining the amounts and their proper bookkeeping entries. The salaries were based on guidelines approved by the Director-General of WIPO and the allowances examined were deemed to have been calculated within reasonable limits.

Project execution

9. My collaborators reviewed several project applications and their financial and budgetary evolution on the basis of the documents available at the headquarters of the International Office of WIPO. Project documents, as well as documents pertaining to successive budgetary revisions, Project Performance Evaluation Reports and Tripartite Review Meeting Reports, were consulted. In this connection, my collaborators examined the budgetary, financial and accounting impact of the activities engaged in within the framework of these projects and requested clarifications and explanations when needed in the conduct of their analysis. These proved conclusive and call for no further comment.

Outstanding commitments

10. Out of a global amount carried over from 1989 (\$397,012.89), \$20,778.73, or 5.25 per cent, were credited to the various project accounts previously debited, with commitments slightly exceeding expenditures. The sum of \$20,080.01 was carried forward to 1991 under the heading of accounts payable. This represents the total outstanding commitments for the year under review.

11. The outstanding commitments shown in Financial Statements I (Report No. 1 - IPF and Report No. 13 - Trust Funds) in the amount of \$248,137.78 and \$1,378.79 were entered pursuant to the instructions of the Director of the Division of Finance of UNDP (Attachment No. 3 to Memorandum of 18 October 1990). With particular regard to equipment, outstanding commitments were entered for orders made before 31 December 1990 for which credits existed in the 1990 budget. For local purchases, the executing agency's purchase authorization was regarded as equivalent to a purchase order.

Sectoral support allocation

12. The 1990 allotment of \$120,000 was used to finance the activities of the interregional sectoral adviser. These activities were covered in both of the 1990 semi-annual reports submitted by the International Office of WIPO to the Administrator of UNDP. The examination of expenditures entered into the accounts as such calls for no further comment on my part.

Support costs

13. The support costs entered into the accounts by the International Office of WIPO for 1990 were calculated, as they had been in previous years, at a global rate of 22 per cent, for expenditure and outstanding commitment figures for IPF and GCCC projects, and at a rate of 13 per cent for Trust Funds, pursuant to the decision made by the Governing Council of UNDP at its eighteenth session, and the agreement made by the Administrator of UNDP.

Trust funds

14. As a result of a change in the exchange rate of the rouble in December 1990, a difference of \$63,119.55 was entered into the outstanding commitment account for 1989. In agreement with UNDP, the International Office of WIPO has noted this circumstance in the Financial Statements attached to the present report (Reports Nos. 13 to 16). I am also attaching Report No. 17 which shows how the exchange gain in favour of the project was calculated.

CONCLUSIONS

15. Having carried out these verifications, I consider that the accounting records are accurately kept and that bookkeeping entries are in agreement with relevant documents.

16. As a result of the work carried out, I am able to issue the audit certificate which has been affixed to the following documents:

- Status of UNDP Funds (Attachment No. 1)
- Status of UNDP Trust Funds (Attachment No. 4)

(Signed) F. FAESSLER
Acting Director
FEDERAL FINANCIAL CONTROL OFFICE OF
THE SWISS CONFEDERATION


(External Auditor)

STATEMENT I
UNITED NATIONS DEVELOPMENT PROGRAMME
WIPO
Status of Funds as at 31 December 1990
(in US dollars)

<u>Operating Fund</u>	<u>\$</u>	<u>\$</u>
Balance at 1 January 1990		(965,486.99)
Add: Cash drawings from UNDP	2,000,000.00	
IOVs	1,911,081.77	
Other charges/credit (net)	18,357.38	
Miscellaneous income and exchange adjustments (net) (Schedule 7)	6,825.54	
Miscellaneous items charged to UNDP (net) (Schedule 7)	<u>(2,074.00)</u>	3,934,190.69
 <u>Less: Expenditure during 1990 (Sched. 1A)</u>		
For projects		
Disbursements	2,565,962.83	
Unliquidated obligations	258,137.78	
For programme support costs	<u>621,758.42</u>	(3,445,859.03)
Balance at 31 December 1990		(477,155.33) =====
 Represented by:		
Cash at banks, on hand and in transit	10,721.80	
Accounts receivable (Schedule 8)	<u>100,136.73</u>	110,858.53
 <u>Less: Accounts payable (Schedule 9)</u>	329,876.08	
1990 Unliquidated obligations (Schedule 1A)	<u>258,137.78</u>	(588,013.86) (477,155.33) =====

CERTIFIED CORRECT


Eliane Seinet
Head Expenditures Group

APPROVED

T.A.J. Keefer
Controller

AUDIT CERTIFICATE

STATEMENT I (continued)

(UNDP)

Audit Certificate

I have examined the above financial statement. 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.

The financial statement presents fairly the financial position as at 31 December 1990 and the results of its operations for the period then ended.

For further details, I refer to my audit report of 6 May 1991.

6 May 1991

Faessler
F. Faessler

Deputy Director
SWISS FEDERAL AUDIT OFFICE
(External Auditor)



EXTERNAL AUDITOR

INTERNATIONAL ATOMIC ENERGY AGENCY

AUDIT OPINION

To the General Conference of the
International Atomic Energy Agency

I have audited the appended financial statements, numbered I.A to IV.D, properly identified, of the International Atomic Energy Agency for the year ended 31 December 1990. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, conforming with international auditing guidelines, and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion these financial statements are in accord with the books and records of the Agency and present fairly, in all material respects, the financial position of the Agency as at 31 December 1990 and the results of its operations for the year then ended in accordance with the Agency's accounting principles set out in Note 2 to the financial statements.

Further, in my opinion the transactions of the Agency that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the Financial Regulations and Legislative Authority of the Agency.

Additional information and comments on the financial statements and this opinion are included in the observations in my long form report.

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

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME

INTERNATIONAL ATOMIC ENERGY AGENCY


Status of funds as at 31 December 1990
(Expressed in US dollars)

OPERATING FUND

Balance as at 1 January 1990		(1 406 465)
Cash drawings from UNDP	1 010 000	
Interoffice vouchers and other charges (net)	2 813 368	
Other charges/credits (net) GCCC	(19 428)	
Miscellaneous income and exchange adjustments (net)	318	
Miscellaneous items refunded to UNDP (net)	6 138	3 810 396
		<u>2 403 931</u>
Expenditure during 1990		
For projects		
Disbursements (Schedule 1A)	1 842 264	
Unliquidated obligations (Schedule 1A)	883 798	
For programme support costs	610 069	3 336 131
		<u>(932 200)</u>
Balance at 31 December 1990		<u><u>(932 200)</u></u>

REPRESENTED BY:

Cash at banks, on hand and in transit	423 115	
Accounts receivable	255 488	678 603
		<u></u>
Accounts payable	727 005	
1990 unliquidated obligations (Schedule 1A)	883 798	1 610 803
		<u>(932 200)</u>
		<u><u>(932 200)</u></u>



ANDRE R. GUE
Director, Division of Budget and Finance



HANS BLIX
Director General

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITORS ON THE ACCOUNTS OF
THE WORLD TOURISM ORGANIZATION AS AN EXECUTING AGENCY FOR
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)
FOR THE FINANCIAL YEAR 1990

1. We have carefully examined the financial report and tables submitted to us by the World Tourism Organization (WTO) in its capacity as an executing agency for the funds allocated to it by the United Nations Development Programme (UNDP), as contained in pages 8 to 16 of the financial document CE/40/7 (b) on the administrative accounts for the financial year 1990.

2. We have jointly and separately reviewed the accounting procedures and such texts of the accounting records and other supporting evidence as we considered necessary in the circumstances.

3. As a result of our examination, we are of the opinion that, from the accounting standpoint, the financial statements properly reflect the financial transactions for the year 1990, which were in accordance with the Financial Regulations and the budgetary and other applicable provisions, thus presenting fairly the financial position at 31 December 1990.

4. Notwithstanding the opinion expressed in item 3 above, it should be pointed out that the World Tourism Organization, as an executing agency for the funds provided by the United Nations Development Programme, keeps a manually conducted accounting from which are obtained the above-mentioned financial report and tables. Moreover a parallel machine accountancy is kept on the same transactions. This machine accountancy has the following limitations:

- a) It is carried out after the manual accounting and is based on the data thereof, so that it cannot be used as a daily management tool.
- b) The data from the machine accountancy coincide globally with those from the manually conducted accounting. However, slight differences have been found with regard to detail accounts, since some amounts have not been checked and reconciled with the manually conducted accounting.
- c) The level of the information provided by the machine accountancy is lower than that provided by the manually conducted accounting, since due to software limitations it cannot process the breakdown by budget lines required by the United Nations Development Programme.

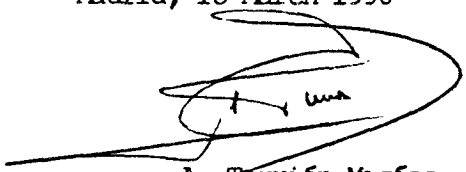
Therefore, it is advisable that the World Tourism Organization should strive for improving its machine accountancy so as to overcome the aforesaid software limitations.



5. We recommend that in the coming financial years the reconciliation of both US dollar and Peseta accounts be made independently of each other.

6. We wish to express our gratitude to the Secretary-General of the World Tourism Organization and his staff, and in particular to the Budget and Finance Service and to the Internal and Technical Cooperation Services, for their diligent and cordial assistance throughout our assignment.

Madrid, 18 March 1990


A. Turrión Macías



Kandet Ourar Toure



STATEMENT IUNITED NATIONS DEVELOPMENT PROGRAMME
World Tourism OrganizationStatus of Funds as at 31 December 1990
(in US dollars)Operating Fund

Balance at 1 January 1990		126 925 02
---------------------------	--	------------

Add:	Cash drawings from UNDP	2 465 000 00	
	IOVs	696 207 08	
	Other charges/credits (net)	(337 691 93)	
	Miscellaneous income and exchange adjustments (net)	39 243 55	
	Miscellaneous items refunded to UNDP (net)	---	
			<u>2 862 758 70</u>
			2 989 683 72

Less:	Expenditure during 1990	
-------	-------------------------	--

For projects		
Disbursements (schedule 1A)	2 253 886 56	
Unliquidated obligations (schedule 1A)	354 429 86	
For programme support costs (schedule 1A)	<u>573 829 61</u>	<u>3 182 146 03</u>

Balance at 31 December 1990		(192 462 31)
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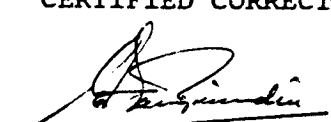
Represented by:

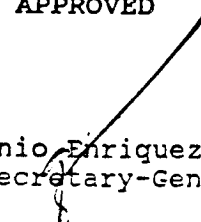
Cash at banks		162 306 92
Accounts receivable (schedule 8)		<u>85 075 53</u>
		247 382 45

Less: Accounts payable (schedule 9)	85 414 90	
1990 unliquidated obligations (schedule 1A)	<u>354 429 86</u>	<u>439 844 76</u>
		(192 462 31)

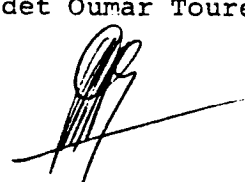
CERTIFIED CORRECT

APPROVED


Eduardo Ramos-Reimundin
Chief, Programme Support Division


Antonio Enriquez Savignac
Secretary-General


A. Turrión Macías


Kandet Oumar Toure



AFRICAN DEVELOPMENT BANK
THE STATUS OF FUNDS OF THE
UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)
FOR THE YEAR ENDED
31 DECEMBER 1990

Akintola Williams & Hassan Inc.
01 B P 4114
Abidjan, Côte d'Ivoire
Tel : National 22-84-68 / 22-85-68
International + 225 32-84-68 / 22-85-68
Telex 3266 CHAS BK

Akintola Williams & Hassan Inc.

Chartered Accountants

REPORT OF THE EXTERNAL AUDITORS OF THE
AFRICAN DEVELOPMENT BANK ON THE
PROJECT ACCOUNTS OF THE
UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)
FOR THE YEAR ENDED 31 DECEMBER 1990

In accordance with Article XI.3 of the Agreement dated 4 March 1977 between the United Nations Development Programme and the African Development Bank, we have examined the accompanying financial statements. The statements are in agreement with the books of account of the African Development Bank which record the financial aspects of the projects.

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

In our opinion, the financial statements referred to above present fairly the financial position of the project as of 31 December 1990 and the results of their operations for the year then ended and, in conformity with the terms of the Agreement referred to above as well as the Agreements which governs the individual projects.

Akintola Williams & Hassan Inc.

AKINTOLA WILLIAMS & HASSAN INC.

15 MAY 1991

STATEMENT I
UNITED NATIONS DEVELOPMENT PROGRAMME
AFRICAN DEVELOPMENT BANK
Status of Funds as at 31 December 1990
(in US dollars)

<u>Operating Fund</u>	<u>US\$</u>	<u>US\$</u>
Balance at 1 January 1990		(458 845)
Add: Cash drawings from UNDP	1 681 700	
IOVs		
Other charges/credit (net)	1 005	
Miscellaneous income and exchange adjustment (net)	(39 100)	
Miscellaneous items refunded to trust fund (net)	-	1 643 605
		<u>1 184 760</u>
Less: Expenditure during 1990		
For projects		
Disbursements (Schedule 1A)	1 150 736	
Unliquidated obligation (Schedule 1A)	1 293	
For support cost (Schedule 1A)	149 764	(1 301 793)
Add/ Adjustment to prior year's	-	-
Subtract: expenditure (Schedule 1B)	-	-
Adjustment to prior year's programme support costs (Schedule 1B)	-	-
		<u>117 033</u>
Balance at 31 December 1990	-	<u>=====</u>
Represented by:		
Cash at banks, on hand and in transit	264 031	-
Accounts receivable (Schedule 8)	-	-
Miscellaneous exchange		264 031
Less: Accounts payable (Schedule 9)	379 771	-
1988 Unliquidated obligations (Schedule 1A)	1 293	381 064
		<u>117 033</u>
		<u>=====</u>

**Deloitte &
Touche**



One World Trade Center
New York, New York 10048-0601
Telephone: (212) 669-5000

Facsimile: (212) 524-0890
International &
Domestic Telex 4995706

INDEPENDENT AUDITORS' REPORT

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

We have audited the Statement of Status of Funds as at 31 December 1990 (Statement 1) and supplemental schedules relating to funds for projects as to which the Bank is the Executing Agency for the United Nations Development Programme. This financial statement and the supplemental schedules discussed below are the responsibility of the Executing Agency's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Notes A and B to Statement of Status of Funds, the financial statement was prepared in accordance with the format and accounting practices prescribed by United Nations Development Programme ("UNDP"), which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, such financial statement presents fairly, in all material respects, the status as at 31 December 1990 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 Notes A and B.

Our audit was made for the purpose of forming an opinion on the basic statement taken as a whole. The following supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statement:

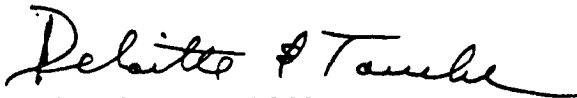
Supplemental Schedules:

Expenditures by Source of Funds for the year ended
31 December 1990 (Schedule 1A)

Prior Year's Adjustments (Schedule 1B)

Expenditures by Country for the year ended 31 December 1990
(Schedule 2)

Such supplemental schedules have been subjected to the auditing procedures applied in our audit of the basic financial statement and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statement taken as a whole.


26 February 1991

SUPPLEMENTARY INFORMATION PROVIDED BY DELOITTE AND TOUCHE,
26 FEBRUARY 1991, ON THE AUDIT OF THE ACCOUNTS OF
THE ASIAN DEVELOPMENT BANK

SECTION I - SUMMARY OF OBSERVATIONS AND CONCLUSIONS

The following is a summary of our observations and conclusions resulting from the work performed as set forth in Sections II, III, and IV.

- . UNDP-financed projects assigned to the Asian Development Bank as Executing Agency are being administered by the Bank on a regular and timely basis.
- . The Bank appears to be taking appropriate follow-up actions, to the extent practicable, on problems identified in consultants' progress reports.
- . The Bank is complying with its established procurement procedures pertaining to the engagement of consultants.
- . No material weaknesses were identified in the system of internal control structure.

SECTION II - PRINCIPAL AUDIT PROCEDURES

Our audit of the financial statement and the supplemental schedules referred to previously was conducted in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. Our study and evaluation of internal control structure is separately described in Section IV. Other principal audit procedures which we believe would be of interest to the Governing Council of the UNDP are briefly described as follows:

Cash at Banks - Obtained confirmations of bank balances as of 31 December 1990 and tested related bank reconciliations.

Accounts Receivable - Requested positive confirmation of recorded amounts for a judgmental selection of accounts as of 30 September 1990. All confirmation requests were received with one taking exception to the balance. This exception has been resolved.

Accounts Payable and Unliquidated Obligations - Requested independent confirmations from vendors selected from cash-disbursements records. Differences disclosed in confirmation replies were satisfactorily resolved and appropriate supporting documentation was examined for the accounts for which no confirmation reply was received.

Reviewed subsequent disbursement records for possible unrecorded liabilities at 31 December 1990, noting no exceptions.

Cash Drawings, IOVs and Other Charges - Obtained positive confirmation of 1990 amounts directly from UNDP.

Project Expenditures - Statistically selected individual disbursements and examined supporting documents for propriety of project distribution and for approval and other independent indications of validity.

Programme Support Costs - Recomputed total costs for 1990 which were based on 13% of project expenditures in accordance with correspondence between the Bank and UNDP.

SECTION III - ADDITIONAL PROCEDURES

In connection with our audit of the UNDP financial statement and the supplemental schedules, we performed the following additional procedures as requested by you.

Contracts with Consultants - We selected three of the seven projects to which expenditures were substantially started in 1990. For each of the selected projects we ascertained, by reference to supporting contract documentation, that the Bank had complied with its procurement procedures pertaining to the engagement of technical assistance consulting firms' consultants as provided for in its published guidelines approved by the Board of Directors.

Review of Selected Projects - We selected four of the fifty-eight UNDP-financed projects being administered by the Bank as of 31 December 1990 and performed the following procedures for each of the selected projects:

- . Compared project expenditures accumulated through 31 December 1990, in total and (where applicable) by category, to the related budget.
- . Reviewed the project's progress to date in relation to the anticipated progress outlined in the underlying project documents.
- . Read progress reports issued during the year by the consultant in charge.

In performing the foregoing procedures, nothing came to our attention that caused us to believe that the projects were not being monitored, or that progress reports were not being submitted, on a timely basis. Furthermore, the Bank appears to be taking appropriate follow-up actions, to the extent practicable, with respect to problems identified in the progress reports.

Accounting for Equipment - Expenditures for equipment are recognized based on signed contractual agreement or firm order placed. With respect to the 1990 financial statement the amount of unliquidated obligations relating to equipment was U.S.\$4,046 which constituted 0.08 percent of the total unliquidated obligations of U.S.\$4,686,601 as of 31 December 1990. Accordingly, we did not perform any additional procedures to assess the materiality of an accounting policy change from the "commitment" to the "delivery" concept due to immateriality.

SECTION IV - INTERNAL CONTROL STRUCTURE

In planning and performing our audit, we considered the internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statement and not to provide assurance on the internal control structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under generally accepted auditing standards. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined below. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal control structure taken as a whole.

The management of the Bank is responsible for establishing and maintaining the internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures.

The objectives of the internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles or other comprehensive basis of accounting.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. These criteria may be broader than those that may be appropriate for evaluating weaknesses in internal control structure for management or other purposes.



STATEMENT I
UNITED NATIONS DEVELOPMENT PROGRAMME
Asian Development Bank
(Executing Agency)

Status of Funds as at 31 December 1990
(Expressed in US dollars)

Operating Fund

Balance at 1 January 1990			(\$1,972,027.10)
Add:	Cash drawings from UNDP	\$11,097,182.16	
	IOVs	575,659.52	
	Other charges/credits (net)	(353,444.09)	
	Miscellaneous income and exchange adjustments (net)	31,367.81	
	Miscellaneous items refunded to UNDP (net)	<u>820.38</u>	<u>11,351,585.78</u>
			9,379,558.68
Less:	Expenditures during 1990		
	For projects:		
	Disbursements (Schedule 1A)	7,574,745.49	
	Unliquidated obligations (Schedule 1A)	4,678,626.38	
	For programme support costs (Schedule 1A)	<u>1,592,938.34</u>	
		13,846,310.21	
	Add/Subtract:		
	Adjustment of prior year's expenditures (Schedule 1B)	(857,484.76)	
	Programme support costs as Cooperating Agency	132,428.80	
	PSC for additional audit services	<u>26,000.00</u>	<u>13,147,254.25</u>
Balance at 31 December 1990			(\$3,767,695.57)
Represented by:			
	Cash at banks, on hand and in transit	\$ 657,360.23	
	Accounts receivable (Note C)	<u>2,922,164.94</u>	\$3,579,525.17
Less:	Accounts payable (Note D)	2,668,594.36	
	1990 Unliquidated Obligations (Schedule 1A)	<u>4,678,626.38</u>	<u>7,347,220.74</u>
			(\$3,767,695.57)

See notes to financial statements.

CERTIFIED CORRECT:

BERNARD DONGE
Assistant Controller

APPROVED:

IVAN L. ZIMONYI
Controller