

# UNITED NATIONS DEVELOPMENT PROGRAMME



**UNDP**

Distr.  
GENERAL

DP/WGOC/8  
7 December 1977

ORIGINAL: ENGLISH

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GOVERNING COUNCIL  
INTERGOVERNMENTAL WORKING GROUP ON OVERHEAD COSTS  
First Meeting  
January 1978

## AGENCY OVERHEAD COSTS

### Views of the United Nations Audit Operations Committee

#### Note by the Administrator

At the request of the President of the Governing Council, the Administrator transmits herewith to the intergovernmental Working Group on Overhead Costs the text of a letter dated 1 December 1977 from the Director-General of the United Nations Audit Operations Committee, containing views on the subject of Overhead Costs.

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Communication from the Director-General of the United Nations Audit  
Committee to the Administrator of the UNDP, dated 1 December 1977

The method of charging overhead costs is, of course, a matter of policy negotiated by UNDP with the Executing Agencies and, as such, the Board of Auditors' role is to test that this policy is being observed. We have made various comments in our Board reports in the past few years, none of which would give an opinion on the validity and practicality of the accepted methods.

A study to establish a fair and equitable method of charging overhead would, in my opinion, take considerable time and resources, which at the moment are not available. However, I note that the Joint Inspection Unit has submitted to you some views which could form the basis of an extended study. Also, this body might have the resources to undertake such a project.

In spite of our inability at present to do any special work, I wish to confirm, as agreed with Mr. Vaidyanathan last summer, that the Board of Auditors could certainly participate in any evaluations or discussions of the findings of the Working Group, if this should be desired.

Also, during the course of our audits, if any situations come to light which could affect the direction of the investigation of the Working Group, we will advise you.

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