

**UNITED NATIONS
DEVELOPMENT
PROGRAMME**Distr.
GENERALDP/1982/60
23 March 1982

ORIGINAL: ENGLISH

GOVERNING COUNCIL
Twenty-ninth session
June 1982, Geneva
Agenda item 7(f)

S U P P O R T

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

AUDIT REPORTS

Summary

This document contains the audited accounts and audit reports of the Participating and Executing Agencies, relating to funds allocated to them by UNDP as at 31 December 1980, together with an explanatory note by the Administrator.

The note by the Administrator includes a summary of the action taken by UNDP following the Governing Council's adoption of decisions 80/39^{1/} and 81/41^{2/} which requested the Administrator, in future reports to the Governing Council on the audited accounts to provide salient comments on substantive observations of the auditors and following the Council's adoption of decision 81/41^{2/}, which requested the Administrator to pursue consultation with executing agencies using commercial external auditors on the possibility of including in future audit reports observations on the substantive matters and on paragraph 3 of the Governing Council decision 79/47 and report to the Council at its twenty-ninth session on the results achieved.

1/ Official Records of the Economic and Social Council, 1980, Supplement No. 12, (E/1980/42/Rev.1), Chapter XI

2/ Ibid., 1981, Supplement No. 11, (E/1981/61/Rev.1), Annex I.

Contents

	<u>Pages</u>
Note by the Administrator.....	3
Summary of the status of funds of the Participating and Executing Agencies.....	<u>Annex</u> Page 1
<u>Audited accounts of the Participating and Executing Agencies and Reports of External Auditors</u>	
United Nations, including United Nations Industrial Development Organization, United Nations Conference on Trade and Development, United Nations Centre for Human Settlements, Economic Commission for Africa, Economic and Social Commission for Asia and the Pacific, Economic Commission for Europe, Economic Commission for Latin America and Economic Commission for Western Asia.....	Page 3
Food and Agriculture Organization of the United Nations (FAO).....	5
United Nations Educational, Scientific and Cultural Organization (UNESCO).....	13
International Civil Aviation Organization (ICAO).....	19
World Bank	22
Universal Postal Union (UPU).....	26
International Telecommunication Union (ITU).....	36
World Meteorological Organization (WMO).....	37
Inter-Governmental Maritime Consultative Organization (IMCO).....	41
World Intellectual Property Organization (WIPO).....	45
International Atomic Energy Agency (IAEA).....	46
World Tourism Organization (WTO).....	49
Arab Fund for Economic and Social Development (AFESD).....	51
Asian Development Bank (AsDB).....	52
Inter-American Development Bank (IADB).....	55
United Nations Development Programme (UNDP), as an executing agency for its projects.....	59

Note by the Administrator

INTRODUCTION

1. The audited accounts of the Participating and Executing Agencies, relating to funds allocated to them by UNDP as at 31 December 1980, are contained in this document, together with a summary of the status of funds submitted by the Participating and Executing Agencies as at 31 December 1980.
2. The amounts reported in the UNDP Financial Report and Accounts for the year ended 31 December 1980^{3/} are based on the unaudited accounts of the Participating and Executing Agencies. Any adjustments introduced in the audited accounts of the Participating and Executing Agencies after the preparation of the UNDP Financial Statements for 1980 have been reflected in this document.
3. The only difference relating to income and expenditures for 1980 was for the International Civil Aviation Organization where the audited accounts show an increase of \$232,670 in project expenditure.
4. Adjustment for the above difference has been made in the UNDP Financial Statements for the year ended 31 December 1981.
5. At its twenty-eighth session in June 1981, the Governing Council requested the Administrator to continue in future years the submission of observations on substantive comments made by the auditors of the Participating and Executing Agencies. Of the 25 Participating and Executing Agencies involved, the audit reports of two agencies required UNDP observations on the auditors' comments, as noted below; four agency audit reports included substantive comments but no follow-up items were noted therein; eight agency audit reports involved no substantive comments by the auditors; the balance submitted unaudited financial statements for 1980, being the first year of the biennium.
6. UNDP's comments on the most significant observations made by the auditors in respect of the 1980 agency audited accounts are as follows:

FAO

7. The external auditor of FAO noted that a check of field project bank accounts has revealed that FAO's instructions and procedures did not always ensure that officers who were authorized signatories for these bank accounts had their authority withdrawn promptly when they left the projects; nor did FAO provide for follow-up action to ensure that receipt of cancellation instructions to banks had been acknowledged. Fifteen cases of delay or failure to cancel activities had been brought to FAO's attention. The auditor noted that FAO had agreed to examine its records and cancel the authorities of officers who had left their projects, and promised to review and strengthen its procedures to ensure timely issue of cancellation instructions and prompt follow-up of failure by banks to acknowledge receipt of instructions.

^{3/} Official Records of the General Assembly, Thirty-Sixth Session, Supplement No. 5A (A/36/5/Add.1).

8. FAO has advised UNDP that the authority to operate bank accounts has since been revoked for officers who have left their projects, and that the overall system of controls has been improved. Country Project Officers at FAO Headquarters have been instructed to review, on a regular basis, lists of bank signatories at projects which are within their responsibility. FAO is considering a computerized matching programme of bank signatories against current staff lists, which will result in exception reports for use by centralized finance services, as a further control in this regard.

9. FAO's 1979 accounts had included expenditures for a considerable number of projects in excess of the annual budgets, beyond the flexibility provisions of \$10,000 or 4 per cent. As a result of interagency consultations in December 1980, the flexibility provisions, inter alia, had been increased from \$10,000 to \$20,000. FAO's external auditor noted that although there had been some improvement in budgetary control during 1980, some 60 projects had still exceeded their annual budgets as increased by the new flexibility margins. FAO had explained that although projects had been reviewed on a monthly basis by the responsible budget and certifying officers in the operating divisions, it had not been possible to make a complete review of all programmes; it was proposed to ensure that the reviews were completed each month.

10. FAO has advised UNDP that a Working Group has pointed to possibilities of longer-term improvements and training has been provided to the staff responsible. The improvements instituted by FAO include monthly reviews by certifying officers of summarized project financial statements and bi-monthly detailed reviews of expenditure and commitments recorded against project budgets.

11. Under a field staff rental subsidy scheme in effect, subsidies are paid in abnormally high rent situations and, conversely, deductions from salary are to be made for staff who receive free or subsidized housing. In 1977, FAO's external auditor made reference to the low number of deductions being made under the scheme. Various corrective measures had been introduced and, in 1979 and 1980, deductions amounting to \$63,844 and \$73,073, respectively, were made from staff members serving in the field. Field audit visits by FAO's internal and external auditors and subsequent examinations at FAO Headquarters disclosed further cases where rental deductions appeared to be called for but were not made because neither the field staff nor the FAO Representatives had advised headquarters of the circumstances.

12. The auditor noted that FAO considered that current instructions clearly placed reporting responsibility on the staff members concerned and on local officials; that further emphasis would be given to this during headquarters briefings of FAO representatives, project managers and field staff.

13. FAO has advised UNDP that, with the improved clarifications now available from the International Civil Service Commission, it is easier to administer the rental deductions scheme, and that appropriate instructions have been issued to field staff, including the FAO Representatives. FAO has confirmed that rental deductions under the new scheme operated satisfactorily during 1981.

/...

14. The external auditor of FAO noted that FAO had purchased, over a period of six years and at a cost (excluding freight and insurance charges) of \$275,000, not the preferred make of vehicle for the country concerned, but an alternate make of vehicle, which was more expensive, with higher maintenance costs, lacking in specialist maintenance facilities and considered insufficiently robust for local road conditions. He noted that FAO was unable to provide immediately a satisfactory explanation and would conduct further investigations.

15. FAO has advised UNDP that an internal audit investigation concluded that there were valid operational reasons for the purchase of the given make of vehicles; that for three years during the period under consideration, the preferred make of vehicle was unavailable in the country concerned and that the alternate make of vehicle had continued to be purchased because, although maintenance difficulties existed, these were mitigated through the issuance of enlarged service kits.

16. Other substantive comments by the FAO external auditor concerned the procedures and circumstances related to the purchase, utilization and disposal of items of equipment on four field projects, which did not appear to meet the prescribed procedures laid down by the Agency.

17. Each of these cases was individually taken up by UNDP with FAO, and in each case FAO has advised UNDP that corrective measures have been implemented in response to the observations of the external auditor.

UNESCO

18. The external auditor of UNESCO noted, that UNDP expenditure recorded against a project for setting up a Centre for School Science Equipment represented about 86 per cent of the revised budget of \$1.89 million; that it seemed doubtful whether the degree of achievement of the project objectives was commensurate with the levels of expenditure and asked if the Agency was satisfied that the expenditure incurred so far had been cost effective.

19. UNESCO has advised UNDP that the major constraint to development of this project will be resolved with the move from temporary premises to a purpose-built Federal Centre by mid-December 1981; that four additional State Centres are to be established; and that the new project document for a second phase of activities will give due attention to the previous history of the project and provide for regular monitoring of progress in qualitative and quantitative terms.

20. The auditor further noted that it was a condition of fellowship awards that fellows submit comprehensive reports within 12 months of completion of their studies and that the experience indicated a very low compliance rate with this requirement. The Agency had stated that it intended to make wider use of computer produced reminders for post-fellowship reports not submitted on time.

/...

21. UNESCO has advised UNDP that a special campaign of reminders has been launched to improve performance in this respect; that it intends, in the future, to make wider application of computer programmes for this purpose; and that while reports were important in the evaluation of the fellowships, UNESCO was using other means of evaluation such as questionnaires and decentralized evaluation.

Commercial external auditors

29. At its twenty-eighth session, the Governing Council requested the Administrator to pursue consultations with executing agencies using commercial external auditors, on the possibility of including in future audit reports observations on substantive matters and on the questions referred to in paragraph 3 of Governing Council decision 79/47, and to report to the Council at its twenty-ninth session on the results achieved.

30. UNDP has advised each organization concerned of this decision by the Governing Council and has requested each organization to consult with its commercial external auditors again on this matter. UNDP will report the results of these further consultations to the Council at its twenty-ninth session.

UNITED NATIONS DEVELOPMENT PROGRAMME

Summary of the Status of Funds Submitted by the Participating and Executing Agencies
as at 31 December 1980 (expressed in US Dollars)

	United Nations	UNIDO	UNCTAD	ECA	ESCAP	ECE	ECLA	ECMA	UNCHE	ILO	FAO	UNESCO	ICAO	WHO
Operating Fund														
Balance at 1 January 1980	(15 162 991)	(13 054 091)	(2 230 137)	(1 896 932)	(408 085)	6 068	(43 340)	(4 937)	(7 651 052)	(4 602 875)	(20 253 317)	(12 843 516)	(13 786 946)	631 384
Add: Cash drawings from UNDP	65 352 170	31 367 931	11 919 504	4 575 111	4 855 058	-	170 000	290 000	2 902 675	42 682 442	115 170 090	40 030 886	33 820 810	18 192 036
ICV and other charges (net)	30 354 584	31 034 309	6 561 872	3 248 399	1 937 527	61 309	1 706 436	351 279	7 279 527	18 978 747	87 315 924	22 792 171	11 634 366	6 527 739
Miscellaneous income and exchange adjustments (net)	(31 883)	153 727	110 004	16 045	16 479	-	223	1 312	(5 395)	123 904	81 582	(58 728)	4 071	(71 223)
Miscellaneous items refunded to (by) UNDP (net)	17 107	70 597	3 105	-	(..59)	4 408	21 313	-	90 078	12 122	156 033	97 296	7 744	29 477
	80 528 987	49 572 473	16 364 348	5 942 623	6 400 720	71 785	1 854 632	637 654	2 615 833	57 194 340	182 470 312	50 018 109	31 680 047	25 310 033
Deduct: Expenditure during 1980														
for projects	83 935 592	57 249 145	15 766 570	7 465 061	6 531 382	238 827	1 831 747	592 075	11 602 315	56 266 995	172 218 124	53 991 142	36 324 720	22 795 234
for programme support costs	11 645 921	7 957 482	2 207 320	1 045 109	881 667	33 436	256 445	82 890	1 608 102	7 875 146	22 571 627	7 519 088	5 078 667	3 184 030
	95 581 513	65 206 627	17 973 890	8 510 170	7 413 049	272 263	2 088 192	674 965	13 210 417	64 142 141	194 789 751	61 510 230	41 403 387	25 979 264
Balance as at 31 December 1980	(15 052 526)	(15 634 154)	(1 609 542)	(2 567 547)	(1 012 329)	(200 478)	(233 560)	(37 311)	(10 594 584)	(6 947 801)	(12 319 439)	(11 492 121)	(9 723 340)	(669 231)
Represented by:														
Cash at bank, on hand and in transit	4 335 721	2 084 655	1 071 208	405 332	699 982	-	1 000	14 313	40 994	36 348 551	16 246 858	2 878 197	3 890 763	-
Accounts receivable	6 394 724	5 074 086	1 325 930	-	266 188	12 291	796 918	37 320	1 380 434	1 593 208	8 516 819	3 120 925	2 489 002	-
	10 730 445	7 158 741	2 397 138	405 332	966 170	12 291	797 918	51 633	1 421 428	37 941 759	24 763 677	5 999 122	6 380 365	-
Deduct: Accounts payable	9 036 467	5 186 467	652 373	1 045 109	982 974	52 988	696 723	41 424	6 394 454	36 125 230	10 351 665	2 963 099	3 947 330	669 231
1980 Unliquidated Obligations	16 746 504	17 606 428	3 354 307	1 927 770	995 525	159 781	334 755	47 520	5 621 558	8 764 330	26 731 451	14 508 144	10 156 175	-
	25 782 971	22 792 895	4 006 680	2 972 879	1 978 499	212 769	1 031 478	88 944	12 016 012	44 889 560	37 083 116	17 491 243	16 103 705	669 231
Balance as above	(15 052 526)	(15 634 154)	(1 609 542)	(2 567 547)	(1 012 329)	(200 478)	(233 560)	(37 311)	(10 594 584)	(6 947 801)	(12 319 439)	(11 492 121)	(9 723 340)	(669 231)

UNITED NATIONS DEVELOPMENT PROGRAMME

Summary of the Status of Funds Submitted by the Participating and Executing Agencies (Cont'd)
 as at 31 December 1980 (expressed in US Dollars)

Operating Fund	World Bank	LEU	ITU	WHO	IMCO	WRO	IAEA	WTO	AFRSD	AsDB	IDB	GOVERN- MENTS	SUBTOTAL	UNDP	TOTAL
Balance at 1 January 1980	(1 575 662)	(44 172)	2 944 170	(1 194 962)	(85 960)	29 463	(2 678 589)	(3 465)	(328 612)	(502 651)	(266 916)	67 175	(94 940 948)	(9 133 181)	(104 074 129)
Add: Cash drawings from UNDP	32 975 819	1 408 562	20 450 000	7 590 820	3 121 791	340 000	4 760 360	830 000	328 612	4 267 909	225 000	6 575 262	454 203 468	57 601 550	512 005 018
IOV and other charges (net)	(772 946)	2 538 183	9 166 361	4 821 571	1 152 305	188 163	1 717 932	91 864	127	183 899	19 844	2 354 911	251 246 405	-	251 246 405
Miscellaneous income and exchange adjustments (net)	94 186	18 969	(345 629)	(13 861)	68 719	(541)	(29 883)	911	-	2 183	-	-	135 172	2 075	137 247
Miscellaneous items refunded to (by) UNDP (net)	-	(2 698)	(14 293)	(7 068)	11 363	-	21 821	-	-	344	7 571	-	526 061	113 310	639 371
	30 721 397	3 918 844	32 200 609	11 196 500	4 268 218	557 085	3 791 641	919 310	127	3 951 684	(14 501)	8 997 348	611 170 158	448 783 794	659 953 912
Deduct: Expenditure during 1980															
for projects	29 304 614	3 498 730	27 054 185	9 957 632	6 078 699	404 994	5 017 945	821 750	413 566	3 878 689	184 792	7 909 987	621 334 512	56 505 010	677 639 522
for programme support costs	2 842 091	536 000	3 483 306	2 141 132	819 620	99 000	1 049 397	115 045	57 899	521 886	25 871	111 491	83 749 668	4 131 765	67 901 453
	32 146 705	4 034 730	30 537 491	12 098 764	6 898 319	503 994	6 067 342	936 795	471 465	4 400 575	210 663	8 021 478	705 084 180	60 636 795	765 740 975
Balance as at 31 December 1980	(1 425 308)	(115 886)	1 663 118	(902 264)	(2 630 101)	53 091	(2 275 701)	(17 485)	(471 338)	(448 891)	(225 164)	975 870	(93 914 022)	(11 873 041)	(105 787 063)
Represented by:															
Cash at bank, on hand and in transit	3 871 317	341 753	2 498 116	409 462	54 053	155 266	773 071	(3 554)	-	475 792	37 850	1 805 948	78 436 648	-	78 436 648
Accounts receivable	1 220 471	175 432	841 987	985 499	272 563	2 260	194 435	37 782	-	1 020 542	-	-	55 759 416	-	56 759 416
	5 091 788	517 185	3 340 103	1 394 961	326 616	157 526	967 506	34 228	-	1 496 334	37 850	1 805 948	114 196 064	-	114 196 064
Deduct: Accounts payable	1 195 711	241 471	1 415 611	737 594	617 058	104 435	1 806 994	51 713	471 338	283 402	257 468	-	87 348 529	-	87 348 529
1980 Unliquidated Obligations	5 321 385	391 600	261 374	1 559 631	2 339 659	-	1 436 213	-	-	1 661 823	5 546	830 078	120 761 557	11 873 041	132 634 598
	6 517 096	633 071	1 676 985	2 297 225	2 956 717	104 435	3 243 207	51 713	471 338	1 945 225	263 014	830 078	208 110 086	11 873 041	219 983 127
Balance as above	(1 425 308)	(115 886)	1 663 118	(902 264)	(2 630 101)	53 091	(2 275 701)	(17 485)	(471 338)	(448 891)	(225 164)	975 870	(93 914 022)	(11 873 041)	(105 787 063)

- Notes: a/ The above statement is a summary of the individual financial statements submitted by the Participating and Executing Agencies and does not represent a consolidated statement in accordance with normal accounting procedures.
- b/ The accounts of UNDP as an Executing Agency for its projects form part of the UNDP Financial Report and Accounts for the year ended 31 December 1980, Statement V of document supplement No. 5A (A/36/5/Add.1) presented to the General Assembly at its thirty-sixth session.
- c/ The figures shown in respect of projects executed by Governments represent the total transactions of 60 projects executed by Governments for which financial statements have been received.
- d/ This summary incorporates information contained in the interim financial statements for the twelve month period of the biennium 1980-1981 ended 31 December 1980, submitted to UNDP by United Nations, UNIDO, UNCTAD, ECA, ESCAP, ECE, ECLA, ECWA and UNCTB.

TECHNICAL CO-OPERATION ACTIVITIES EXECUTED BY THE UNITED NATIONS, UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION,
UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT AND THE UNITED NATIONS REGIONAL COMMISSIONS
COMBINED STATUS OF FUNDS AS AT 31 DECEMBER 1980
(EXPRESSED IN UNITED STATES DOLLARS)

	United Nations	UNIDO	UNCTAD	UNCHS	Regional commissions					Total
					Africa	Asia and the Pacific	Europe	Latin America	Western Asia	
1. Statement of assets, liabilities and unencumbered fund balances										
Assets										
Cash	4 335 721	2 084 655	1 071 208	40 994	-	899 341	-	1 000	14 313	8 447 232
Accounts receivable	1 181 454	2 014 288	606 020	141 131	539 386	556 158	12 291	796 918	350	5 847 996
Receivable for excess of expenditure over funds provided	15 052 526	15 634 154	1 609 542	5 832 577	3 405 020	762 812	200 478	233 560	55 483	42 786 152
Deferred charges and other assets	1 676 856	3 058 710	297 564	256 855	-	-	-	-	-	5 289 985
Unspent allocations	154 323 005	97 417 076	20 595 652	1 471 152	3 692 617	2 212 461	434 194	527 024	196 765	280 869 946
Interfund balances receivable	764 130	1 088	-	-	-	-	-	-	-	765 218
Due from United Nations General Fund	2 772 284	-	422 346	-	-	-	-	-	18 798	3 213 428
Total assets	180 105 976	120 209 971	24 602 332	7 742 709	7 637 023	4 430 772	646 963	1 558 502	285 709	347 219 957
Liabilities and unencumbered fund balance										
Liabilities										
Accounts payable	3 573 800	3 236 154	652 373	243 585	14 273	1 248 955	31 603	-	41 424	9 042 167
Unliquidated obligations	16 746 504	18 726 950	3 354 307	5 621 558	1 927 770	969 356	159 781	334 755	47 520	47 888 501
Interfund balances payable	5 462 667	-	-	-	-	-	-	-	-	5 462 667
Due to United Nations General Fund	-	829 791	-	406 414	957 254	-	21 385	696 723	-	2 911 567
Due to special accounts for programme support costs	-	-	-	-	1 045 109	-	-	-	-	1 045 109
Operating fund	-	-	-	-	-	-	-	-	-	-
Total liabilities	25 782 971	22 792 895	4 006 680	6 271 557	3 944 406	2 218 311	212 769	1 031 478	89 944	66 350 011
Unencumbered fund balance										
Balance available										
1 January 1980	174 618 745	90 805 747	19 824 599	12 983 389	2 169 978	1 536 538	195 913	462 713	111 591	302 709 213
Add: Excess of income over expenditure	(20 295 740)	6 611 329	771 053	(11 512 237)	1 522 639	675 923	238 281	64 311	85 174	(21 839 267)
Balance available 31 December 1980	154 323 005	97 417 076	20 595 652	1 471 152	3 692 617	2 212 461	434 194	527 024	196 765	280 869 946
Total liabilities and fund balances	180 105 976	120 209 971	24 602 332	7 742 709	7 637 023	4 430 772	646 963	1 558 502	258 709	347 192 957

TECHNICAL CO-OPERATION ACTIVITIES EXECUTED BY THE UNITED NATIONS, UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION,
 UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT AND THE UNITED NATIONS REGIONAL COMMISSIONS
 COMBINED STATUS OF FUNDS AS AT 31 DECEMBER 1980
 (EXPRESSED IN UNITED STATES DOLLARS)

	United Nations	UNIDO	UNCTAD	UNCHS	Regional commissions					Total
					Africa	Asia and the Pacific	Europe	Latin America	Western Asia	
II. Statement of income and expenditure										
for the twelve-month period of the										
biennium 1980-1981 ended										
31 December 1980										
Income: Funds allocated	75 285 773	71 817 957	18 744 943	1 608 101	10 032 809	7 843 847	510 544	2 152 503	760 139	188 756 616
Expenditure:										
Salaries and common staff costs	44 428 096	28 172 704	9 971 045	4 883 510	5 397 690	3 743 448	134 092	1 230 302	470 006	98 430 893
Travel	1 199 161	501 140	1 130 218	156 733	799 941	283 760	36 923	137 357	29 116	4 274 349
Contractual services	4 992 307	6 027 094	966 373	2 561 396	207 833	464 479	-	109 441	8 172	15 337 095
Operating expenses	3 440 613	1 011 317	682 379	295 999	441 373	153 796	22 104	95 519	11 854	6 154 954
Acquisitions	20 242 591	16 384 592	642 242	2 864 465	149 711	362 469	2 186	7 622	9 738	40 665 616
Fellowships	9 632 824	5 152 299	2 374 313	750 134	468 513	1 313 695	43 522	251 506	63 189	20 049 995
Programme support costs	11 645 921	7 957 482	2 207 320	1 608 101	1 045 109	846 277	33 436	256 445	82 890	25 682 981
Total expenditure	95 581 513	65 206 628	17 973 890	13 120 338	8 510 170	7 167 924	272 263	2 088 192	674 965	210 595 883
Excess of income over expenditure for the above period	(20 295 740)	6 611 329	771 053	(11 512 237)	1 522 639	675 923	238 281	64 311	85 174	(21 839 267)

a/ These amounts reflect the information contained in Statement XIV of the interim financial statements, for the twelve-month period of the biennium 1980/81 ended 31 December 1980.

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITOR ON THE STATEMENT
SHOWING AS AT 31 DECEMBER 1980 THE STATUS OF FUNDS ADVANCED TO
THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

General

1. The statement and supporting schedule relating to the participation of the Food and Agriculture Organization of the United Nations in the United Nations Development Programme are in the form prescribed by UNDP for 1980. My examination of them has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organization. I have also examined the relevant internal audit reports.

Statement I

2. Statement I shows the resources made available to FAO for UNDP in 1980, the expenditure charged to projects during the year for goods and services and for programme support costs at agreed rates, and the balance of funds held by FAO at 31 December 1980. Contractual commitments to be charged to projects in future years have been reported separately to UNDP.

3. Statement I is supported by Schedule I showing the expenditure charged to projects in each country and region during 1980.

Verification and Operation of Field Projects' Bank Accounts

4. The Financial Regulations require the External Auditor to satisfy himself that moneys held by the Organization's banks have been verified by certificate received directly from them. At 4 March 1981 I had not received certificates of balances held at 31 December 1979 for 63 of the 465 accounts maintained by the Organization for UNDP purposes, although the Organization had repeatedly sent to the banks concerned. When certificates are not received within a reasonable time, I look to indirect evidence, such as bank statements received by FAO, for verification. The Organization holds bank statements for all except seven of these accounts in a country where there is internal unrest.

5. A check by my staff of the operation of bank accounts for field projects revealed that the Organization's internal instructions and procedures did not always ensure that officers who were authorized signatories for these accounts had their authority withdrawn promptly by Headquarters when they left the projects; nor did they provide for follow-up action to ensure that the banks acknowledged receipt of the instructions cancelling the authorities. My staff found 15 cases of delay or failure to cancel authorities and numerous instances where cancellation instructions had been issued but the Organization had not followed up failures by the banks to acknowledge their receipt.

/...

6. In reply to my enquiries the Organization agreed to examine their records and cancel the authorities of officers who had left the relevant projects. They also promised to review and strengthen their procedures to ensure in future both the timely issue of cancellation instructions and prompt follow-up when banks failed to acknowledge their receipt.

Expenditure on Projects in Excess of Annual Budget Provisions

7. In my report on the 1979 Accounts I pointed out that for a considerable number of projects expenditure during the year had exceeded the annual budget by amounts in excess of the flexibility provision of \$10,000 or 4 per cent, whichever was the higher, and that the total amount in excess of all budget provisions was more than the permitted limit of 2 per cent. In some of the cases of over-expenditure, cabled authorizations had been received from UNDP Resident Representatives but under UNDP rules these did not constitute full authority for incurring the excess expenditure. The Organization nevertheless considered that it was necessary to act on such cables for operational reasons, and that the existing expenditure flexibility limits were too low for effective operation of projects; they were therefore pursuing the matter with UNDP.

8. UNDP agreed late in 1980 to increase the flexibility limits on individual projects to \$20,000 or 4 per cent of the annual budget, while retaining the existing limit on excesses overall; in addition they intend once a monitoring system has been established, to allow Agencies to act on cabled authorizations. Information prepared by computer at the end of 1980 indicated that although there had been some improvement in budgetary control during 1980, some 60 projects had still exceeded their annual budgets as increased by the new flexibility margins. The total of all excesses against 1980 approved budgets, including projects where the over-expenditure was within the flexibility limits, amounted to nearly 3 per cent of FAO's total UNDP budget. About half of the excess expenditure had, however, been covered by authorizations received after the end of the year. The excess expenditures on most of the remainder were caused by under-estimation of expert costs, the continued increase in inflation and high charges for the operation and maintenance of equipment and vehicles.

9. The Organization explained to me that although projects had been reviewed on a monthly basis by the responsible budget and certifying officers in the operating Divisions, it had not been possible to make a complete review of all programmes. The Director-General, who was concerned that the measures introduced in 1980 had not yet achieved satisfactory results despite increased flexibility limits, therefore proposed to instruct the officers responsible to make further efforts to ensure that the reviews were completed each month.

10. The Organization also informed me that in a number of instances it became apparent only late in the year that the flexibility limits were likely to be exceeded. In such circumstances it was rarely possible to obtain the timely approval of the UNDP Resident Representative and the Government to a budget revision. The units concerned would be asked to seek ways of improving communications between the field and headquarters, in particular with the aim of establishing a warning system for possible excesses. The Organization also hoped soon to be able to act on cabled authorizations, which would effectively eliminate cases of apparent over-expenditure. Nevertheless, although they would make every effort to improve the review and monitoring systems they might still be defeated occasionally by dramatic rises in costs. Meanwhile they would continue to seek from the UNDP Administrator further increases in the flexibility provisions.

11. I welcome the Organization's progress towards a better degree of budgetary control over UNDP projects and trust that the measures taken and in prospect will prevent expenditure exceeding flexibility margins in all but exceptional cases in future.

Rental Deductions from Field Staff

12. With the aim of maintaining equity among staff members at each duty station, a rental subsidy scheme provides for subsidies to be paid to staff who necessarily pay abnormally high rents; and for deductions to be made from the pay of staff who occupy housing provided by Governments or United Nations system Agencies free of charge or at a rent substantially lower than that used in calculating the post adjustment index.

13. In my Report on the 1977 Accounts I referred to the low number of deductions being made under the scheme. The Organization took various corrective measures and in 1979 deductions amounting to \$63,844 were made from 64 staff members in 14 countries. In 1980 the number of deductions fell to 50, amounting to \$73,073.

14. Since my Report on the 1977 Accounts audit visits to field projects by the Organization's Internal Audit and by my own staff have disclosed further cases where rental deductions appeared to be called for but were not being made, as Headquarters had not been informed of the position by the field staff or FAO Country Representatives concerned. In the cases detected by my staff, where the rental deductions apparently due amounted to \$21,000 per annum, the project documents showed the provision of accommodation for FAO staff as the Government's responsibility. A subsequent examination at FAO headquarters of a selection of other project agreements disclosed 10 further cases where similar provisions were included but no rental deductions were being made. My staff also observed that FAO did not review project documents to determine whether rental deductions might be appropriate.

15. It seemed to me from these findings that there could still be a number of field staff whose liability for rental deductions was not being reported to headquarters. I therefore asked the Organization what further measures would be taken to clarify responsibility for reporting liability for deductions and whether project documents would be reviewed and enquiries made in those cases where housing was to be provided by the host Government. The Organization stated that the scheme was constantly evolving and was not always straightforward to interpret. They considered that current instructions clearly placed reporting responsibility on the staff members concerned and local officials; but they would do more to stress this by issuing further instructions to field staff and by further emphasizing the possibility of rental deductions during the headquarters briefing of FAO country representatives, project managers and field staff. The Organization were also considering a review of project documents, but they pointed out that staff members did not always secure Government accommodation when projects provided for it.

Management of Project Equipment in an Asian Country

16. During the course of a visit in October 1980 to a number of UNDP projects executed by FAO in an Asian country my staff observed the following weaknesses in the Organization's management of project equipment.

/...

(i) Unused Project Equipment

17. In my Report on the 1975 FAO/UNDP Account I referred to a project at a poultry research institute where four climatic cabinets costing \$13,901 could not be used and were to be transferred elsewhere. My staff found during their 1980 visit that the cabinets had not been transferred and were still unused. The Organization informed me that the cabinets had not been transferred in 1976 as they had been intended for experiments which, in the event, had not taken place because the necessary funding had not been approved. The Organization has now arranged for three of the cabinets to be transferred and for the fourth to be kept by the institute for egg preservation research.

18. At two other projects, for the development of rural poultry and for livestock development, my staff observed that equipment valued at some \$150,000 including some items which had arrived more than three years previously, was unused owing mainly to the Government's failure to provide buildings and other services specified in the project documents, and in some cases because of delays in project implementation. The Organization told me that funds had been allocated by the Government and it had had every reason to believe when the equipment was ordered that the necessary buildings and other services would be provided. Some of the equipment had now come into use and much more would be brought into use during 1981; but some items would probably not be used until July or September 1982 owing to building construction delays.

19. I recommend that before ordering equipment the Organization should obtain adequate evidence regarding the provision of the buildings and services upon which the use of the equipment will depend, and as to the urgency with which it is needed.

(ii) Sales of Project Motorcycles

20. At the rural poultry project and a livestock project motorcycles purchased with project funds were being sold on an instalment basis to Government counterpart officers who were using them for project activities. Neither project had obtained authority from FAO headquarters for the sales, and the proceeds were not being handled in accordance with FAO's rules but deposited in bank accounts to be spent on the maintenance and repair of the motorcycles. No disbursements had been made from the total of \$21,887, including interest, held in the bank accounts but overdue instalments totalling \$34,355 had not been collected.

21. In reply to my enquiries the Organization stated that, as a result of discussions with the Government concerned, they intended to transfer ownership of the motorcycles to the Government forthwith rather than initiate measures to regularize the sales. The project agreements, however, provide for transfer to take place only when the projects end, and it seems to me that earlier transfer, unless the Organization is able to derive benefit from sales proceeds, represents an undesirable surrender of control over vehicles which are necessary for the achievement of the projects' objectives, and of the sales proceeds. I recommend that guidance should be issued to project staff to prevent occurrences of this kind in future.

/...

(iii) Provision of Equipment to a Livestock Development Project

22. As equipment to a value of \$310,422 held by this project, including some which had arrived more than a year previously, was seen by my staff to have been used infrequently or not at all, I asked the Organization whether it would be brought into use or disposed of. The Project's Chief Technical Adviser had previously remarked to FAO headquarters that much of it was either over-sophisticated, unsuited to the project, or of only limited value in relation to its cost. The Organization told me that they did not wholly endorse the Adviser's opinions on the equipment and following visits to the site by a Project Task Force and the Country Project Officer they intended, in principle, to bring all of it into use. One of the items which had cost \$25,480 and which my staff had suggested was unnecessary for the project would be transferred to another project where it could be fully used, and two more officers who would visit the project in 1981 would recommend the transfer or disposal of any further items which they considered to be inappropriate.

23. The equipment held by this project is of foreign manufacture and considerable amounts of foreign currency are required for spare parts. I asked the Organization whether they were satisfied as to the Government's ability and willingness to meet these foreign currency costs when FAO assistance ended. The Organization told me that it recognized the need to ensure this and would take it into account during discussions with the Government at the project's mid-term review in May 1981.

Procurement of Project Vehicles

24. The Organization's rules allow authorized field personnel to procure vehicles provided that the make ordered is the "preferred" make set out in Vehicle Standardization Schedules issued by UNDP, which are based on information received from UNDP Resident Representatives and United Nations system Agencies. These schedules, which were first issued in January 1972, also list an alternative make, to be purchased when the preferred make is not available or in exceptional circumstances.

25. The schedule for a country in Asia showed that the preferred make in the sedan/station wagon class was, until April 1976, a car manufactured in the Far East, which was then replaced by another model produced by the same manufacturer. The schedule listed a car made by a European manufacturer as alternative until March 1979 when it was deleted. The alternative was substantially more expensive than the replacement preferred make. An examination of the Organization's records by my staff, both at headquarters and in the country concerned, disclosed that no cars of the preferred make had been purchased for UNDP and Trust Fund projects executed by FAO during the six years up to December 1978, although 52 of the alternative make had been bought during that period at a cost, excluding freight and insurance charges, of \$275,000.

26. My staff also noted that the costs of maintaining the European cars were excessively high, due to the need to obtain from the manufacturer almost all spare parts required, the lack of specialist maintenance facilities and the fact that the car had proved to be insufficiently robust for the local road conditions. The local records showed that both the UNDP Resident Representative and the FAO Country Representative in post until December 1978 had been well aware of the problems of spare parts and servicing. Neither the UNDP Resident Representative nor the new FAO Country Representative in post after December 1978 was able to explain to my staff why the European car had been selected as the alternative make or why the UNDP schedule had specified that good dealer services and spare parts were available when documentary evidence indicated that this had clearly never been the case.

27. I asked the Organization whether it had made enquiries regarding the availability of spare parts and servicing before purchasing large numbers of these cars, why purchases had been made long after these problems were known, and why no vehicles of the preferred make had been bought during the six years to December 1978. The Organization was unable to provide immediately a satisfactory explanation but is having further investigations made by the Office of Internal Audit and Inspection.

Losses, etc.

28. I have examined the compensation payments, losses, write-offs, and ex-gratia payment listed in Annex I to the Statement and am satisfied with the information and explanations I have obtained. The large compensation payments and losses of project equipment are due to the settlement of outstanding claims and notification of losses which arose from the conditions during 1979 in the three countries referred to in my Report on 1979 FAO/UNDP Account.

Summary of Findings and Recommendations

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

(1) Verification and Operation of Field Projects' Bank Accounts

The Organization's procedures and instructions did not always ensure the timely cancellation of the authority of officers to use field project bank accounts when they left the projects concerned, nor did they provide for headquarters staff to ensure that cancellation instructions were acknowledged by the banks. I am pleased to record that the Organization has undertaken to review and strengthen the relevant procedures.

(2) Expenditure on Projects in Excess of Annual Budget Provisions

Expenditure on some 60 projects exceeded their annual budgets as increased by the new flexibility limits of \$20,000 or 4 per cent, whichever is the higher, which were introduced late in 1980; but about half the excess expenditure was covered by authorizations received after the end of the year.

FAO staff are to be instructed to make further efforts to ensure that project expenditure reviews are completed each month. The Organization is also to seek to improve communications between the field and headquarters to identify in good time projects which are in danger of exceeding their budgets; and it hopes soon to be able to revise budgets on the basis of cabled authorizations from UNDP.

I welcome the Organization's progress towards a better degree of budgetary control and trust that the measures taken and in prospect will prevent expenditure exceeding flexibility margins in all but exceptional cases in future.

(3) Rental Deductions from Field staff

Despite earlier External Audit comment, enquiries in the field and a test review of project agreements by my staff indicated that there could still be a good number of field staff whose liability for deductions from pay in respect of subsidized accommodation was not being reported to FAO headquarters. The Organization now proposes to issue further instructions to field staff emphasizing their responsibility for reporting rental deductions and will also draw attention to the possibility of deductions when briefing such staff. It is also considering a review of project documents.

/...

(4) Management of Project Equipment in an Asian country

(i) Unused Project Equipment

Four unused climatic cabinets valued at \$13,901 which should have been transferred in 1976 had remained unused at the same project. Three of them are now to be transferred for use elsewhere. Items of equipment valued at some \$150,000 at two other projects were unused for various reasons and, in some cases, had arrived some years previously. I recommend that before ordering equipment FAO should obtain adequate evidence regarding the provision of the buildings and services upon which its use will depend, and as to the urgency with which it is needed.

(ii) Sales of Project Motorcycles

On two projects motorcycles were being sold, without authorization from FAO Headquarters, to the counterpart staff who used them. Many instalments of the payments were overdue, and the custody of the proceeds was not in accordance with the rules. To avoid the need to regularize the sales, the Organization intends to transfer the motorcycles to the Government. I recommend that guidance should be issued to project staff to prevent occurrences of this kind in future.

(iii) Provision of Equipment to a Livestock Development Project

My staff noted that much of the equipment supplied to this project was under-used and the Chief Technical Adviser considered that much of it was over-sophisticated, unnecessary or unsuited to its purpose. Although FAO headquarters did not wholly agree with this view, it is taking steps to review the holdings and remove items which are not needed. The use of the equipment will depend on the availability of foreign currency for the purchase of spare parts from abroad and the Organization has assured me that this will be taken into account at the project's mid-term review in May 1981.

(5) Procurement of Project Vehicles

A large number of vehicles had been bought for projects in an Asian country which were not of the preferred make prescribed by UNDP and were in many cases much more expensive than the preferred make. The vehicles had not proved sufficiently robust, there were inadequate specialist maintenance facilities locally and most spare parts had to be obtained from the manufacturer, resulting in excessively high maintenance costs. The reasons given for these purchases by the FAO Country Representative in post at the time are to be investigated further by the Office of Internal Audit and Inspection.

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

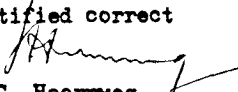
21 May 1981

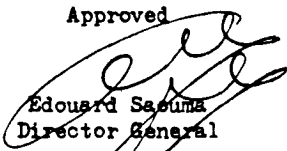
(Signed) DOUGLAS HENLEY
Comptroller and Auditor General, United Kingdom
External Auditor

STATEMENT I


UNITED NATIONS DEVELOPMENT PROGRAMME
 FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
 Status of Funds at 31 December 1980
 (Expressed in US dollars)

<u>OPERATING FUND</u>	\$	\$
Balance at 1 January 1980		(20 253 317)
Add: Cash drawings from UNDP		115 170 090
IOVs and other charges (net)		87 315 924
Miscellaneous income and exchange adjustments (net)		81 582
Miscellaneous items refunded to UNDP (net)		156 033
		<u>182 470 312</u>
Deduct: Expenditure during 1980 - Schedule I		
For projects	172 218 124	
For programme support costs	22 571 627	194 789 751
		<u>194 789 751</u>
Balance at 31 December 1980		<u><u>(12 319 439)</u></u>
 <u>Represented by:</u>		
Cash at banks, on hand and in transit		16 246 858
Accounts receivable		8 516 819
		<u>24 763 677</u>
Deduct: Accounts payable	10 351 665	
1980 Unliquidated obligations	26 731 451	37 083 116
		<u>37 083 116</u>
		<u><u>(12 319 439)</u></u>

Certified correct

 G. Hoornweg
 Director
 Financial Services Division

Approved

 Edouard Sapuma
 Directeur Général

Ques I have examined the above Statement and the related Schedule. I have obtained all the information and explanations that I have required and I certify, as a result of the audit, that, in my opinion, the above Statement and the related Schedule are correct.


 Douglas Henley
 (Comptroller and Auditor General, United Kingdom)
 External Auditor

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITOR ON THE STATEMENT SHOWING
AS AT 31 DECEMBER 1980 THE STATUS OF FUNDS ADVANCED TO
THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION
BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

General

1. The Statement and supporting Schedule relating to the participation of the United Nations Educational, Scientific and Cultural Organization in the United Nations Development Programme are in the form prescribed by UNDP. My examination of them has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organization. I have also examined the relevant internal audit reports.

Statement I

2. Statement I shows the resources made available to UNESCO by UNDP in 1980, charges to projects during the year for goods and services and for programme support costs at agreed rates, and the balance of funds held by UNESCO at 31 December 1980. Statement I is supported by Schedule I showing the expenditure charged to projects in each country and region during 1980.

3. The expenditure comprises disbursements and unliquidated obligations. Expenditure is controlled through project budgets which are phased by years over the duration of each project and revised annually when year-end project delivery information becomes available. They are also revised when either the scope of the project or the phasing of the expenditure is changed. UNDP allows Agencies a small margin of flexibility on annual budgets, and in paragraphs 5 to 9 below I comment on the 1980 outturn in relation to this arrangement. Contractual commitments to be charged against future budget allocations are reported separately to UNDP.

4. Costs of experts' services are divided into two categories: salary and other costs associated with service at the duty station are charged directly to projects; and allowances, etc., which depend on the personal circumstances of the expert are charged at an average rate based on the total of such costs for experts employed by UNESCO on UNDP work. In the case of fellowships, projects are charged direct with actual costs.

Expenditure on UNDP projects in excess of annual budget provisions

5. UNDP allows Executing Agencies to incur expenditure in excess of an annual project budget, provided the excess does not exceed the higher of \$10,000 or 4 per cent of the budget, subject to an overall limit of 2 per cent of the global total of all UNDP funds approved for expenditure by the Agency for the year.

6. Following requests from Agencies for UNDP to review these flexibility arrangements on the grounds of the operational constraints faced by Agencies in their management of projects, it was announced during the UNDP Inter-Agency Consultative Meeting in December 1980 that the flexibility margin on individual projects would be increased to \$20,000 or 4 per cent of the budget. It was also announced that UNDP intended in the near future to allow Agencies to act on cabled authorizations in respect of budget increases. Although Agencies were allowed to make use of the new project expenditure flexibility limits for 1980, UNDP deferred permission for Agencies to act on cabled authorizations until they had established a monitoring system.

7. According to computer tabulations UNESCO incurred expenditure in excess of the budget provision for 1980 on 95 UNDP projects. The excesses amounted to approximately \$1.8 million, or some 2.62 per cent of the total UNESCO/UNDP budget for the year of \$67.2 million. However, expenditure by UNESCO on all UNDP projects during 1980 was some \$13.2 million less than this total.

8. UNESCO exceeded the revised UNDP flexibility margins on 23 projects. Information provided by certifying officers showed that the over-expenditure in seven of these cases, amounting to \$492,442, had been covered by cabled authorizations issued by competent UNDP authorities. If these excesses were excluded the total over-run would be reduced to \$1.33 million, which would fall just within UNDP's overall limit of 2 per cent of funds approved for the year.

9. The Organization informed me that various factors had contributed to the excess expenditure beyond the the increased flexibility margins: these included the advance nomination of experts and/or their retention beyond the period foreseen; the general increase in costs arising from inflation; and the adverse changes in currency conversion rates which had taken place in some instances after equipment orders had been placed. Yet a further factor was the inevitable delays caused by the distances involved when seeking and obtaining project revisions through UNDP Resident Representatives and UNDP Regional Bureaux. The Organization intended to improve control by introducing, as soon as possible, the annualization of obligations covering experts' services, consultants, fellowships and subcontractual arrangements. UNESCO saw this as the first essential condition for the establishment of a computer reject system to prevent over-runs. Sectors would be encouraged to review project budgets every September or October with a view to making voluntary revisions in consultation with UNDP.

Implementation of UNESCO-executed UNDP field projects

10. As part of my continuing programme of looking at UNESCO's activities region by region, my staff examined in 1980 the approved project documents and project reports for a number of field projects in the African region. The projects were in various stages of completion but in each case the funds spent or expected to be committed were of the order of \$1 million or more.

11. The project agreements usually provided for buildings to be ready for occupation, and for counterpart staff to be in post, by specified dates. My staff observed, however, that failure of the Governments concerned to meet these obligations, to which reference has been made in previous reports in relation to other regions, was still a common feature. The particular problems encountered in the implementation of one of the larger projects are described in paragraphs 12 to 20 below. I suggest that if the investment in field projects is to be fully effective, steps must be taken at the planning stage to ensure that obligations placed on local Governments are realistic and that, in the absence of special difficulties, they will be met.

Centre for School Science Equipment

12. In December 1972 an agreement was signed between a West African Government and UNDP for a project intended to bring about major changes in attitudes, teaching techniques and teaching materials in science and technology education. This was to be achieved by:

- (a) Expanding the facilities of a School Science Equipment Centre for the maintenance and repair of science equipment, the making of prototypes, and the provision of an advisory service;
- (b) The establishment of four Federal sub-centres with attendant mobile workshops for the maintenance and repair of school science equipment throughout the country;
- (c) Providing in-service training courses for teachers and supervisory personnel; and
- (d) Promoting the production of inexpensive science teaching materials.

13. The project was the final result of some five years of negotiations and assistance by UNESCO, including the recruitment in December 1970 under the Technical Assistance programme of an expert in the repair and maintenance of science instruments and apparatus. The project work programme clearly stated that the timely implementation of the project depended upon the provision of a purpose-built Centre, to include living accommodation for staff and UNESCO experts, together with a nucleus of local staff who would be sent on international training fellowships in due course.

14. The duration of the project was to be four years, commencing in July 1972; UNDP was to contribute just under \$1 million and the Government \$2.7 million at the December 1972 rate of exchange. The Centre was to be housed initially in temporary accommodation and the assignment of international staff was to start with the immediate appointment of a Chief Technical Adviser; two more international staff were to follow in April 1973, one in October 1973 and one in January 1974.

15. The Centre was moved to different temporary accommodations in November 1973, and at the same time UNDP was forced by lack of suitable local staff for training to reduce the planned number of international staff from five to the two who were already in post. Subsequent progress reports showed that the Chief Technical Adviser had spent much time and effort in trying to overcome problems arising from a lack of permanent accommodation, including the loss of an urgently required expert recruited only after much effort.

16. A Tripartite Review Meeting in July 1975 agreed that the Centre should concentrate on the repair and maintenance of equipment, and it eventually became possible to deploy three mobile service units. The proposed long-term solution remained, as originally envisaged, the establishment of four Federal sub-centres.

17. A further Tripartite Review Meeting in February 1977, by which time one of the sub-centres was functioning, recommended an extension of the project for a further two years with the express purpose of establishing the three remaining Federal sub-centres. Because the first sub-centre had been opened, and premises for another two were said to be available, substantial orders for equipment were placed which had been delayed for lack of suitable premises. In June 1977, however, following a visit by a UNESCO consultant, the Federal Ministry of Education decided to abandon the objective of four sub-centres in favour of encouraging each State to set up its own Science Equipment Centre. UNESCO decided to divide the equipment purchased for the sub-centres between the States, the transfers to take place when suitable premises became available. By June 1980 less than half the States had collected their consignments of this equipment.

18. A UNESCO consultant visited the country in April 1978 and recommended that the mobile repair and maintenance service should continue to operate only for a further year. The Federal Ministry of Education gave notice of withdrawal of the mobile service following the Tripartite Review Meeting held in March 1979; but by June 1980 fewer than half the States had identified the premises for their centres and fewer still had them in operation.

19. UNDP expenditure recorded against the project as at 31 December 1980 amounted to some \$1.62 million, including \$1.1 million on personnel, \$0.15 million on training and \$0.3 million on equipment. This expenditure represented about 86 per cent of the revised budget of \$1.89 million and it seemed to me doubtful whether the degree of achievement of the objectives set for the project was commensurate with the level of expenditure committed. I therefore asked the Organization whether they were satisfied that the expenditure incurred so far had been cost effective. The Organization informed me that the Science Equipment Centre had now been allocated specially built premises and that, whilst a firm date for completion had not been given, it was expected to be ready for occupation by September 1981. The first sub-centre was still fully operational and three State centres were in operation; four additional centres were expected to be operational by the end of September 1981. The Organization considered that in-service training courses conducted by the Centre, for laboratory technicians and others, had been effective. State centres had received technical help from the Centre and the Organization believed that the improvement in implementation of the project in the last eighteen months had made the expenditure on the project cost-effective.

20. Following my predecessor's Report on UNESCO's UNDP Accounts for 1972, which drew attention to projects where governmental counterpart contributions had not been provided in accordance with project agreements, the Secretariat promised to consider the desirability, particularly in the more difficult cases, of staging the implementation of a project to permit reappraisal at given points in its execution. I therefore asked the Organization whether they had considered, for this large and complex project, the desirability of setting benchmarks on the lines suggested by my predecessor. The Organization confirmed that they considered it desirable to set benchmarks and told me that a decision would shortly be made whether to continue with the project beyond its present terminal date with new inputs and fresh project objectives. I trust that the Organization will include benchmarks in the project documents if they decide to extend the project.

Post Fellowship Reports

21. It is a condition of the award of fellowships that post fellowship reports are made by fellows within 12 months of the completion of the fellowship. My staff observed during their review of the African Region that the compliance rate for this requirement was less than 10 per cent. In reply to my enquiries the Organization stated that the problem of obtaining these reports also applied to other regions. They had to depend a good deal on the goodwill of the individual fellows but efforts were being made to improve the number of reports received by means of reminders from Fellowship Division with the help of Regional Offices and Chief Technical Advisers. The Organization hoped that, in future, the wider application of computer processing would facilitate the issue of regular reminders.

22. These reports are important as they assist the Organization in their evaluation of fellowships so that past experience can be taken into account in planning future training programmes. I therefore recommend that the Organization should take all possible steps to achieve greater compliance with the requirement to produce fellowship reports.

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

28 May 1981

(Signed) DOUGLAS HENLEY
Comptroller and Auditor General, United Kingdom
External Auditor

STATEMENT I

United Nations Development Programme
 (Participating and Executing Agency: Unesco)
Status of Funds as at 31 December 1980
 (expressed in US Dollars)

<u>Operating Fund</u>	<u>\$</u>	<u>\$</u>
Balance as at 1 January 1980		(12 843 516)
<u>Add:</u> Cash drawings from UNDP		40 030 886
IOVs and other charges (net)		22 792 171
Miscellaneous income and exchange adjustments (net)		(58 728)
Miscellaneous items refunded to UNDP (net)		97 296
		<u>50 018 109</u>
 <u>Deduct:</u>		
Expenditure during 1980 - Schedule I		
- for projects	53 991 142	
- for programme support costs	<u>7 519 088</u>	<u>61 510 230</u>
Balance as at 31 December 1980		<u>(11 492 121)</u>
 <u>Represented by:</u>		
Cash at banks, on hand and in transit		2 878 197
Accounts receivable		<u>3 120 925</u>
		5 999 122
 <u>Deduct:</u>		
Accounts payable	2 983 099	
1980 Unliquidated obligations	<u>14 508 144</u>	<u>17 491 243</u>
		<u>(11 492 121)</u>
 Certified correct	Approved	

G. de Leiris
 Gilles de Leiris
 Comptroller, a.i.

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

AUDIT CERTIFICATE

AM I have examined the above Statement and related Schedule. I have obtained all the information and explanations that I have required, and I certify, as a result of the audit, that in my opinion the above Statement and related Schedule are correct.

Douglas Henley
 Douglas Henley
 (Comptroller and Auditor General,
 United Kingdom)
 External Auditor

UNITED NATIONS DEVELOPMENT PROGRAMME
INTERNATIONAL CIVIL AVIATION ORGANIZATION
Notes to the Statement of Status of Funds
(Statement VII)
31 December 1980

1. Nature of Activities

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

2. Significant Accounting Policies

a) Method of Accounting

The Statement of the Status of Funds has been prepared on the accrual basis and in accordance with the format and directives prescribed by UNDP. The accounts and records of ICAO, as Executing Agency for UNDP, are maintained, and the financial statements are presented, in United States dollars. All other currencies are converted into United States dollars at exchange rates provided by UNDP.

b) Expenditures for projects

Expenditures include disbursements and unliquidated obligations for which funds have been provided in approved project budgets in the current year. Unliquidated obligations include unpaid amounts as follows:

- for experts: on the basis of services rendered to the end of the year.
- for equipment: on the basis of purchase orders or signed contractual agreements issued to the end of the year.
- for training: on the basis of the fellowship awarded, not to exceed a maximum of twelve months for each fellowship.
- for sub-contracts: on the basis of the payment schedule included in the contract with the sub-contractor.

c) Overhead expenditure

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

- - - - -

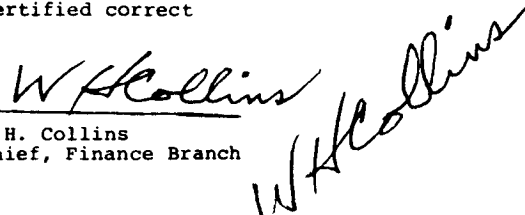
UNITED NATIONS DEVELOPMENT PROGRAMME
INTERNATIONAL CIVIL AVIATION ORGANIZATION

Status of Funds as at 31 December 1980
 (in United States Dollars)

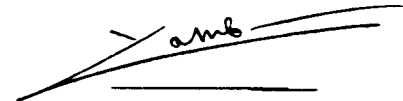
	1 9 8 0	1 9 7 9
<u>OPERATING FUND</u>		
Balance at beginning of year	(13 786 946)	(12 969 932)
<u>Add:</u> Cash drawings from UNDP	33 820 810	25 117 094
UNDP inter-office vouchers and other charges (net)	11 634 368	7 758 569
Miscellaneous income and exchange adjustments (net)	4 071	67 357
Miscellaneous items to be refunded to UNDP (net)	7 744	1 277
	45 466 993	32 944 297
	31 680 047	19 974 365
<u>Deduct:</u> Expenditures during the year (Schedules E and F)		
For projects	36 324 720	29 624 596
For programme support costs	5 078 667	4 136 715
Balance at end of year	(9 723 340)	(13 786 946)
<u>REPRESENTED BY:</u>		
Cash in banks, on hand and in transit	1 889 804	1 030 166
Fixed term deposits and accrued interests	2 000 959	
Due from other Funds:		
Termination Payment Fund	17 584	-
Governments' Trust Fund accounts	462 850	483 148
UN/UNDP Trust Fund - Lesotho	40 749	8 319
UN/UNDP Trust Fund - Botswana	19 300	-
Accounts receivable and sundry debit balances	540 483	491 467
	1 949 119	1 343 032
	6 380 365	2 864 665
<u>Less:</u> Due to other Funds:		
AOSC Fund	858 500	450 277
ICAO General Fund	43	12 795
Termination Payment Fund	-	15 826
Governments' Trust Fund accounts	126 785	109 118
Accounts payable and sundry credit balances	985 328	588 016
Unliquidated obligations - 1980	4 962 202	4 884 354
	10 156 175	11 179 241
	16 103 705	16 651 611
	(9 723 340)	(13 786 946)

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

Certified correct

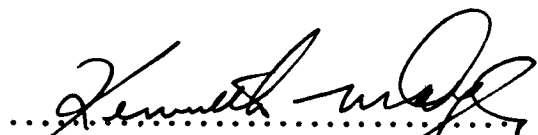
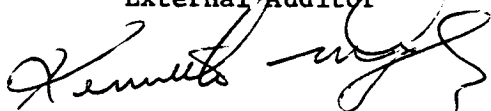

 W.H. Collins
 Chief, Finance Branch

Approved:


 Yves Lambert
 Secretary General

AUDIT OPINION

I have examined the Status of Funds of the International Civil Aviation Organization as Executing Agency of the United Nations Development Programme, Statement VII and relevant schedules for the year ended 31 December 1980. 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 accompanying statement properly reflects the recorded financial transactions for the year, which transactions were in accordance with the Financial Regulations and Rules of the United Nations Development Programme and legislative authority, and presents fairly the financial position as at 31 December 1980, in conformity with the accounting policies described in Note 2.


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


3 June 1981



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

April 8, 1981

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

We have examined the accompanying Statements I and II of the Status of Funds and Statement III of Expenditures of the International Bank for Reconstruction and Development as Executing Agency for certain United Nations Development Programme projects for the year ended December 31, 1980. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 2, these statements are prepared in accordance with the format and accounting practices prescribed by the United Nations Development Programme. These practices differ in some respect from generally accepted accounting principles. Accordingly, the accompanying statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. This report is intended solely for filing with the United Nations and is not intended for any other purpose.

In our opinion, the accompanying statements present fairly the status of funds and expenditures of the International Bank for Reconstruction and Development as Executing Agency for certain United Nations Development Programme projects for the year ended December 31, 1980, on a basis of accounting described in Note 2, which basis has been applied in a manner consistent with that of the preceding year.

Price Waterhouse & Co.

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME
EXECUTING AGENCY: INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
STATUS OF FUNDS

YEAR ENDED DECEMBER 31, 1980
(Expressed in U.S. dollars)

Operating Fund

Balance as at December 31, 1979		\$ (1 575 662)
Add:		
Cash drawings from UNDP	\$32 975 819	
Other charges (net)	(772 946)	
Miscellaneous income and exchange adjustments (net)	94 186	32 297 059
		<u>30 721 397</u>
Deduct:		
Expenditures during 1980 (Statement III)		
For projects	29 304 614	
For overhead	2 842 091	32 146 705
		<u>(1 425 308)</u>
Balance as at December 31, 1980		<u><u>\$ (1 425 308)</u></u>
Represented by:		
Cash at banks and in transit		\$ 3 871 317
Accounts receivable		1 220 471
		<u>5 091 788</u>
Deduct:		
Accounts payable 1980 unliquidated obligations	\$1 195 711	
	5 321 385	6 517 096
		<u><u>\$ (1 425 308)</u></u>

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
EXECUTING AGENCY FOR
CERTAIN UNITED NATIONS DEVELOPMENT PROGRAMME PROJECTS

NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 1980

Note I - Organization

The United Nations Development Programme (UNDP) was established to provide, among other services, assistance in making the investment of new capital in less developed countries more feasible and more effective. This primary objective is pursued by participation in such activities as (1) assisting governments with the improvement of their own capabilities (institution-building) (2) surveys for improved use of physical resources and (3) analyses of national economic sectors (such as transport and power), which in turn serve as bases for formulating co-ordinated investment programmes, defining investment priorities and preparation of specific projects.

Note 2 - Accounting Policies

The accounts and records of the International Bank for Reconstruction and Development (IBRD), as Executing Agency for UNDP, are maintained, and the financial statements are expressed, in terms of United States dollars. Currencies are translated into United States dollars at rates of exchange specified by UNDP. Exchange adjustments during each year are settled with UNDP as an adjustment of the operating fund balance.

Allocations

UNDP makes contributions, or authorizes them to be made, toward the costs of projects. Allocations are recorded in the accounts on the basis of notification from UNDP. During 1980, \$41,897,296 in net allocations were issued by UNDP and \$29,304,614 in allocations were utilized for project expenditures, leaving a cumulative unspent balance at 31 December 1980 of \$66,568,839.

In most cases the countries receiving assistance also make contributions toward the projects. Such contributions (referred to as counterpart contributions or government cost-sharing) are made in cash, services or facilities. Certain amounts received in cash directly by the IBRD for counterpart contributions are reported in Statement II. Other cash counterpart contributions and government cost-sharing, where they form part of the gross project budget and are included in UNDP allocations, are accounted for in Statement I.

Expenditures, Accounts Payable and 1980 Unliquidated Obligations

Expenditures are recorded by project on the basis of approved budgets to include (1) actual disbursements relating to the current year and (2) unliquidated obligations at 31 December 1980. However, certain unliquidated obligations are recorded only to the extent that such unliquidated obligations, when combined with actual disbursements, do not exceed budgeted expenditures for 1980. Amounts which were not recorded in 1980 due to this limitation will be recorded as expenditures in 1981. In determining expenditures, the cost of experts is recorded based upon the UNDP system of recording salary items associated with service at the duty station on the basis of actual costs, while salary items and allowances of a personal nature and unique to the individual expert are recorded on the basis of average actual costs. Also, included in expenditures are amounts paid or accrued to the IBRD of the equivalent of \$3,919,479 for services and other costs of its staff members assigned to UNDP projects and of \$2,842,091 as a reimbursement to the IBRD for overhead costs incurred in the performance of its duties as Executing Agency.

Unliquidated obligations represent amounts accrued or payable for items purchased or services rendered in connection with the projects for 1980, but for which payment was not made prior to 31 December 1980. Accounts payable includes prior years' unliquidated obligations which were still unpaid at 31 December 1980. Additionally, accounts payable at 31 December 1980 includes amounts due to the IBRD for reimbursement of expenditures and the balance of overhead for 1980.

Other

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

The IBRD, as Executing Agency, provides administrative and supervisory services to UNDP projects for which it is reimbursed at a fixed rate of 11 per cent of project expenditures. No overhead is charged for expenditures made from governments' cash counterpart contributions, certain government cost sharing funds, and for certain other projects for which the IBRD has agreed to waive the overhead requirement.

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT ON THE EXTERNAL AUDIT OF THE ACCOUNTS FOR
TECHNICAL CO-OPERATION PROJECTS KEPT BY THE
INTERNATIONAL BUREAU OF THE UNIVERSAL POSTAL UNION
AT BERNE
FINANCIAL YEAR 1980

1. GENERAL

1.1 Terms of reference

In accordance with regulation 35 of the Financial Regulations of the Universal Postal Union and rule XV of the Financial Rules and Regulations of the United Nations Development Programme, I proceeded, in my capacity as External Auditor appointed by the Government of the Swiss Confederation, to examine the accounts of the technical co-operation projects closed on 31 December 1980, at the headquarters of the International Bureau (IB) of UPU at Berne.

1.2 Nature and scope of audit

The audit dealt with transactions in the income and expenditure accounts and with the balance sheet accounts for the financial year 1980 (UNDP projects, projects in association with ITU, Japanese trust fund and trust fund of the Federal Republic of Germany, technical assistance projects on a reimbursable basis in Uruguay and Saudi Arabia), the values entered in the balance sheet as at 31 December 1980 and the related financial statements. My audit was conducted according to generally accepted standards and conformed to the additional terms of reference appended to the Financial Regulations of the International Bureau.

1.3 Information received

For the purposes of the audit, I had at my disposal a mimeographed document, dated 4 March 1981, concerning the income and expenditure and the balance sheet for the financial year 1980, various accounting records and documents substantiating the transactions covered by the accounts. I must express my appreciation for the willingness with which information relevant to the discharge of my mandate was provided by all staff members of the Bureau whom I consulted. Mr. G. Beney, head of the finance section of the Bureau, which whom my colleagues, Messrs. F. Faessler and E. Blättler discussed the results of the review, facilitated in every way my work and that of my colleagues.

1.4 Accounts

Owing to a computer breakdown, probably in the printing area some of the accounts for November 1980 were in the form of handwritten records.

	<u>Expenditure</u> \$ US	<u>Income</u> \$ US
2. <u>Account for projects in association with ITU</u>		
Payments by UNDP to ITU		36 096.96
Project expenditure in 1980	31 664.00	
Overhead costs (14 per cent)	<u>4 432.96</u>	
	<u>36 096.96</u>	<u>36 096.96</u>
2.12 <u>Trust Funds (TF)</u>		
<u>TF project - Japan</u>		
Carried forward from 1979		64 985.66
Project Expenditure in 1980	43 580.00	
Overhead costs for 1980 (12 per cent)	<u>5 229.60</u>	
	48 809.60	64 985.66
Balance to be carried forward to 1981	<u>16 176.06</u>	
	<u>64 985.66</u>	<u>64 985.66</u>
<u>Project - Federal Republic of Germany</u>		
Payment by the Federal Republic of Germany in 1980		44 415.81
Project expenditure in 1980	4 503.00	
Overhead costs for 1980 (12 per cent)	<u>540.36</u>	
	5 043.36	44 415.81
Balance to be carried forward to 1981	<u>39 372.45</u>	
	<u>44 415.81</u>	<u>44 415.81</u>
2.13 <u>Reimbursable technical assistance (RTA)</u>		
1. <u>Uruguay project</u>		
Expenditure overrun for completed project		397.83
Balance receivable from the Uruguayan Postal Administration	<u>397.83</u>	
	<u>397.83</u>	<u>397.83</u>

	<u>Expenditure</u> \$ US	<u>Income</u> \$ US
2 <u>Saudi Arabia project</u>		
Carried forward from 1979		25 342.70
Payment by Saudi Arabia in 1980		84 804.00
Project expenditure in 1980	60 067.00	
Overhead costs for 1980 (14 per cent)	<u>8 409.38</u>	
	68 476.38	110 146.70
Balance to be carried forward to 1981	<u>41 670.32</u>	
	<u>110 146.70</u>	<u>110 146.70</u>

2.2 Overhead costs for UNDP projects

According to the entries in the technical co-operation accounts, UPU debited UNDP the following overhead costs:

	<u>\$ US</u>
- 14 per cent of the amount of \$3,498,730 constituting UPU's project expenditures	489 822.20
- Amount utilized of the flexibility allowed by UNDP	<u>46 177.80</u>
Total overhead costs	<u>536 000.00</u>

The flexibility allowed by UNDP in accordance with its telegram dated 21 March 1980 to UPU was not to exceed a ceiling of \$200,000.00.

The proportion of total expenditure on projects attributable to overhead costs is thus 15.3 per cent (previous year: 23.4 per cent).

2.3 UNDP IPF and LDC allocations for UPU projects

I have observed the following discrepancy between the IPF allocations made by UNDP for 1980 and those recorded by UPU in the technical co-operation accounts:

/...

	<u>\$ US</u>	<u>\$ US</u>
- Allocations according to UPU		
Balance according to accounts at 1.1.1980		6 519 510.00
Allocations made in 1980 for subsequent years		<u>1 588 683.00</u>
- Allocations at 31.12.1980 according to UPU		8 108 193.00
- UNDP allocations according to "Approved programme - Status of allocations by Agency/Reported Changes between 12/79 and 12/80, As of 31 December 1980":		
1980	4 540 955.00	
1981	2 822 285.00	
1982	304 539.00	
1983	<u>76 800.00</u>	<u>7 744 579.00</u>
<u>Discrepancy</u>		<u>363 614.00</u>

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

3. BALANCE SHEET AS AT 31 DECEMBER 1980

3.1 I have verified the items in the balance sheet as reproduced in the annex to this report; all items were duly substantiated by the supporting documents which I consulted. I must, however, point out that the figures relating to the current account with UNDP did not tally with those mentioned by UNDP in the document "Operating Fund Statement at 31 December 1980 (OFS No. UNDP/80-06)" and in the "Status of Allocation by Agency".

3.2 Status of "Operating Fund" as at 31 December 1980

According to the statement of funds of 4 March 1981, drawn up by the International Bureau of UPU, the amount due to UNDP is \$115,886.01 whereas, according to UNDP (OFS No. 80-06), it is \$3,998,904.01 as at 31 December 1980. The discrepancy of \$3,883.018 between the two statements is accounted for as follows:

	<u>\$ US</u>	
	<u>debit</u>	<u>credit</u>
- <u>Balance in favour of UNDP according to "OFS 80-06"</u>		3 998 904.01
- Recrediting of differences due to overlapping and other entries	36 224.72	
- <u>IOVs recorded by UNDP</u> but not yet entered in the books of UPU	112 532.56	
- <u>IOVs recorded by UPU</u> but not yet recorded in the books of UNDP		
credited to UNDP	68 106.30	
debited to UNDP	<u>15 680.37</u>	52 425.93
<u>Project expenditure in 1980</u> to be recorded in the UNDP accounts	3 498 730.00	
- <u>Overhead costs</u> (including the permitted flexibility) to be recorded in the UNDP accounts	536 000.00	
- <u>Miscellaneous income in favour of UNDP</u> and to be reimbursed to UNDP		16 271.33
Balance in favour of UPU according to accounts		<u>115 886.01</u>
	<u>4 183 487.28</u>	<u>4 183 487.28</u>

According to the information obtained, UPU will contact UNDP in order to eliminate the discrepancies mentioned above.

3.3 Liquid assets

The bank account balances as at 31 December 1980 have been checked against statements and certificates submitted to me.

3.4	<u>Short-term accounts</u>	<u>\$ US</u>
3.41	<u>Short-term assets</u>	
	Balance according to the balance sheet at 31 December 1980	<u>175 432.35</u>
	Represented by:	
	- Advances to experts	69 805.45
	- Insurance premiums, to be distributed in 1981	19 842.38
	- Balance of UPU/SF current account	43 730.53
	- Miscellaneous	<u>42 053.99</u>
	Total as above	<u>175 432.35</u>

3.42 Short-term liabilities

	Balance according to the balance sheet at 31 December 1980	<u>130 361.52</u>
	Represented by:	
	- Payments due to experts by the insurance company	1 396.39
	- Balance of current account with the International Bureau of UPU	69 066.65
	- IOVs receivable	30 041.06
	- Miscellaneous	<u>29 857.42</u>
	Total as above	<u>130 361.52</u>

3.5 1980 Unliquidated Obligations

The opening of this account conforms to instructions issued by UNDP, as contained in its letter of 10 November 1977 (UNDP/PROG/HQIRS/111).

The 1980 unliquidated obligations are as follows:

- Experts	119 910.00
- Fellowships	208 240.02
- Equipment	62 500.00
- Miscellaneous	<u>950.00</u>
Total unliquidated obligations for 1980 carried forward to 1981 (according to Statement I)	<u>391 600.02</u>

4. CERTIFICATE

4.1 I have examined the accounts and financial statements for technical co-operation projects, kept in United States dollars by the International Bureau of the Universal Postal Union at Berne, for the period ended on 31 December 1980. I have assembled all the necessary information with explanations, and certify, as a result of this audit, that in my opinion the financial statements are accurate, account being taken of the few instances of overlapping mentioned in section 3.1 of this report.

4.2 I would point out that I have also certified the following documents:

- Status of funds available to UPU for technical assistance programmes other than those of the UPU Special Fund, status as at 31 December 1980.
- UNDP - Statement I - Status of Funds as at 31 December 1980.
- Japanese trust fund for two associate experts, status as at 31 December 1980.
- Trust fund of the Federal Republic of Germany for one associate expert, status as at 31 December 1980.
- Reimbursable assistance, Uruguay and Saudi Arabia projects, status as at 31 December 1980.

Berne, 26 May 1981

(Signed) W. Frei
Deputy Director
Swiss Federal Audit Office
(External Auditor)

Annex

Balance sheet as at 31 December 1980

Annex

II. Balance sheet as at 31 December 1980
 (expressed in US dollars)

Assets	UNDP	Trust Funds		Reimbursable Technical Assistance		Total
		a) Japan	b) Germany, Federal Republic of	a) Uruguay	b) Saudi Arabia	
Liquid assets	244 932.25	16 176.06	39 372.45	-(397.83)	41 670.32	341 753.25
CA United Nations ^{1/}	4 629 566.01	-	-	-	-	4 629 566.01
CA Uruguay	-	-	-	397.83	-	397.83
Short-term assets	175 432.35	-	-	-	-	175 432.35
Totals:	5 049 930.61	16 176.06	39 372.45	-	41 670.32	5 147 149.44

Liabilities	UNDP	Trust Funds		Reimbursable Technical Assistance		Total
		a) Japan	b) Germany, Federal Republic of	a) Uruguay	b) Saudi Arabia	
Unspent Allocations ^{2/}	4 513 680.00	16 176.06	39 372.45	-	41 670.32	4 610 898.83
Unliquidated Obligations	405 889.09	-	-	-	-	405 889.09
Short-term liabilities	130 361.52	-	-	-	-	130 361.52
Totals:	5 049 930.61	16 176.06	39 372.45	-	41 670.32	5 147 149.44

^{1/} Untransferred balance of allocations

^{2/} Surplus income

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME

UNIVERSAL POSTAL UNION

Status of funds as at 31 December 1980
(expressed in US Dollars)

<u>Operating Fund</u>	<u>\$</u>	<u>\$</u>
Balance at 1 January 1980		(44,172.30)
Add: Cash drawings from UNDP		1 409 561.59
IOVs and other charges (net)		2 538 183.37
Miscellaneous income and exchange adjustments (net)		18 969.22
Miscellaneous items refunded to UNDP (net)		(2 697.89)
Deduct: Expenditure during 1980 - Schedule 1		
For projects	3 498 730.00	
For programme support costs	536 000.00	4 034 730.00
Balance at 31 December 1980		<u>(115 886.01)</u>

Represented by:

Cash at banks, on hand and in transit		341 753.25
Accounts receivable		175 432.35
		<u>517 185.60</u>
Deduct: Accounts payable	241 471.59	
1980 Unliquidated obligations	391 600.02	633 071.61
		<u>(115 886.01)</u>

Certified correct:

Approved:

(Signed) G. BENEY
Head, Finance Section

(Signed) M.I. SOBHI
Director-General

Audit certificate

The above statement has been examined in accordance with my directions. I have obtained all the information and explanations that I have required and I certify, as a result of the audit, that, in my opinion, the above statement is correct.

Berne, 30 April 1980

(Signed) W. FREI
Deputy Director
Swiss Federal Audit Office
External Auditor

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME
 (International Telecommunication Union)
 Status of Funds as at 31 December 1980
 (Expressed in US dollars)

	\$	\$
<u>Operating Fund</u>		
Balance as at 1 January 1980		2 944 170.43
Deduct : Adjustment by UNDP		- .43
		<hr/> 2 944 170.--
Add : Cash drawings from UNDP		20 450 000.--
IOVs and other charges (net)		9 156 362.68
Miscellaneous expenses and exchange adjustments (net) to be refunded by UNDP	(345 629.24)	
Miscellaneous items (net) to be refunded by UNDP	(6 674.87)	
Adjustment of expenses on completed projects (to meet allocations) to be refunded by UNDP	(7 619.30)	
		<hr/> 32 200 609.27
Deduct : Expenditure during 1980 (Schedule I)		
For projects	27 054 185.41	
For programme support costs	3 483 305.81	30 537 491.22
		<hr/> 1 663 118.05
Balance as at 31 December 1980		<hr/> =====

Represented by :

Cash at banks, on hand and in transit		2 498 116.41
Accounts receivable		841 987.37
		<hr/> 3 340 103.78
Deduct : Accounts payable	1 415 611.07	
1980 Unliquidated Obligations	261 374.66	1 676 985.73
		<hr/> 1 663 118.05
		<hr/> =====

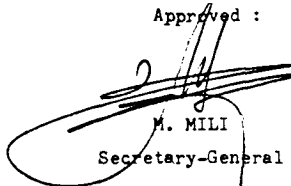
Certified correct :



R. PRELAZ

Chief of the Finance Department

Approved :

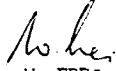


M. MILI

Secretary-General

Audit Certificate

The above statement has been examined in accordance with my directions. I have obtained all the information and explanations that I have required and I certify, as a result of the audit, that, in my opinion, the above statement is correct.



W. FREI

Deputy Director
 Swiss Federal Audit Office
 External Auditor

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITOR ON THE STATEMENT SHOWING
AS AT 31 DECEMBER 1980 THE STATUS OF FUNDS ADVANCED TO
THE WORLD METEOROLOGICAL ORGANIZATION
BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

General

1. The Statement and supporting Schedule relating to the participation of the World Meteorological Organization in the United Nations Development Programme are in the form prescribed by UNDP. My examination of them, which included an audit of payrolls, has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organization.

Statement I

2. Statement I shows the resources made available to WMO by UNDP in 1980, the expenditure incurred by WMO during the year on goods and services for projects and on programme support costs, and the balance of funds held by WMO at 31 December 1980. Schedule I shows the expenditure charged to projects in each country and region during the year. The total expenditure of \$12,098,764 in 1980 was 13.6 per cent more than in 1979.

3. The expenditure comprises disbursements and unliquidated obligations. Expenditure is controlled through project budgets which are phased by years over the duration of each project and revised when year-end project delivery information becomes available and when the scope of the project or the phasing of expenditure is changed. UNDP allows Agencies a small margin of flexibility on annual budgets. Contractual commitments to be charged against future budgets are reported separately to UNDP.

4. Costs of experts' services represent a large proportion of the Organization's expenditure on UNDP activities. Salary and other costs associated with service at the duty station are charged direct to projects. Allowances, etc., which depend on the personal circumstances of the expert are charged to projects at an average rate based on the total of such costs for experts employed by WMO on UNDP work. In the case of fellowships, projects are charged direct with actual costs.

Programme Support Costs

5. In accordance with UNDP Financial Regulations and Rules, UNDP contributions to the programme support costs of executing agencies are on the basis of a percentage of project expenditure, but in the case of the smaller agencies the normal contribution can, if necessary, be supplemented by an additional flexibility allowance. In 1980 UNDP approved a maximum programme support costs allocation of \$2,251,880, consisting of a normal allocation of 14 per cent of estimated project expenditure of \$9,000,000, plus a flexibility allowance of \$991,880.

/...

6. The costs incurred by WMO in administering UNDP and some other extrabudgetary projects are charged to the Organization's Technical Co-operation Fund, which receives contributions from UNDP, Trust Funds and other sources. The UNDP contribution to the Fund in 1980 was limited to \$2,139,640, representing the difference between the costs charged to the Fund and the contributions from Trust Funds and other sources. This sum comprised the normal contributions of \$1,394,068 plus a flexibility allowance of \$745,572. A contribution of \$1,492 was also received by the Organization in respect of a UNDP project financed partly from Government Cash Counterpart Contributions.

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

(Signed) DOUGLAS HENLEY
Comptroller and Auditor General, United Kingdom
External Auditor

11 May 1981

UNITED NATIONS DEVELOPMENT PROGRAMME

WORLD METEOROLOGICAL ORGANIZATION

Status of Funds as at 31 December 1980

EXTERNAL AUDITOR'S CERTIFICATE

I have examined the appended Statement and the related Schedule. I have obtained all the information and explanations that I have required, and I certify, as a result of the audit, that, in my opinion, the appended Statement and the related Schedule are correct.

DOUGLAS HENLEY

(Comptroller and Auditor General
United Kingdom)

External Auditor

STATEMENT I

United Nations Development Programme

WORLD METEOROLOGICAL ORGANIZATION

Status of funds as at 31 December 1980
(Expressed in US dollars)

<u>Operating Fund</u>	<u>\$</u>	<u>\$</u>
Balance at 1 January 1980		(1 194 962)
Add: Cash drawings from UNDP		7 590 820
IOVs and other charges (net)		4 821 571
Miscellaneous income and exchange adjustments (net)		(13 861)
Miscellaneous items refunded to UNDP (net)		<u>(7 068)</u>
		11 196 500
Deduct: Expenditure during 1980 - Schedule 1		
For projects	9 957 632	
For programme support costs	<u>2 141 132</u>	<u>12 098 764</u>
Balance at 31 December 1980		<u>(902 264)</u> =====

Represented by:

Cash at banks, on hand and in transit		409 462
Accounts receivable		<u>985 499</u>
		1 394 961
Deduct: Accounts payable	737 594	
1980 Unliquidated obligations	<u>1 559 631</u>	<u>2 297 225</u>
		<u>(902 264)</u> =====

CERTIFIED CORRECT

A. Weber

(A. Weber)
Chief, Finance and
Budget Division

APPROVED

A. Wiin-Nielsen

(A. Wiin-Nielsen)
Secretary-General

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITOR ON THE STATEMENT SHOWING
AS AT 31 DECEMBER 1980 THE STATUS OF FUNDS ADVANCED TO THE
INTER-GOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION
BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

General

1. The Statement and supporting Schedule relating to the participation of the Inter-Governmental Maritime Consultative Organization in the United Nations Development Programme are in the form prescribed by UNDP. My examination of them has been carried out in conjunction with my audit of the regular budget and subsidiary funds of the Organization. I have also examined the relevant internal audit reports.

2. Statement I shows the resources made available to IMCO by UNDP in 1980, the expenditure charged to projects during the year for goods and services and for programme support costs, and the balance of funds due to IMCO at 31 December 1980. Schedule I shows the expenditure charged to projects in each country and region during 1980.

3. The expenditure comprises disbursements and unliquidated obligations. Expenditure is controlled through project budgets which are phased by years over the duration of each project and revised annually when year-end project delivery information becomes available. They are also revised when either the scope of the project or the phasing of expenditure is changed. UNDP allows Agencies a small margin of flexibility on annual budgets. Contractual commitments to be charged against budgets in future years are reported separately to UNDP.

4. Costs of experts' services are divided into two categories: salary and other costs associated with service at the duty station are charged direct to projects; and allowances, etc., which depend on the personal circumstances of the expert are charged at an average rate based on the total of such costs for experts employed by IMCO on UNDP work. In the case of fellowships, projects are charged direct with actual costs.

Programme Support Costs

5. The programme support costs incurred by IMCO in the administration of UNDP and other extrabudgetary projects are charged to the Organization's Technical Co-operation Overhead Account. In previous reports I have referred to the receipt by IMCO, as one of the smaller agencies, of an additional flexibility allowance to supplement the normal UNDP contribution to programme support costs based on a percentage of estimated project expenditure. In 1980 the basic contribution of 14 per cent of actual project expenditure exceeded the total amount approved on the basis of estimated expenditure, and IMCO therefore received no additional allowance.

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

11 May 1981

(Signed) DOUGLAS HENLEY
Comptroller and Auditor General, United Kingdom
External Auditor

UNITED NATIONS DEVELOPMENT PROGRAMME

STATEMENT SHOWING AS AT 31 DECEMBER 1980 THE STATUS OF FUNDS
ADVANCED TO THE INTER-GOVERNMENTAL MARITIME CONSULTATIVE
ORGANIZATION BY THE UNITED NATIONS DEVELOPMENT PROGRAMME

AUDIT CERTIFICATE

I have examined the attached Statement and the related Schedule. I have obtained all the information and explanations that I have required and I certify, as a result of the audit, that, in my opinion, the attached ~~to~~ Statement and the related Schedule are correct.

Douglas Henley

(Comptroller and Auditor General,
United Kingdom)

External Auditor

STATEMENT I

United Nations Development Programme

INTER-GOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

Status of Funds as at 31 December 1980
(expressed in US Dollars)

<u>Operating Fund</u>	\$	\$
Balance at 1 January 1980		(85,960)
Add: Cash drawings from UNDP		3 121 791
IOVs and other charges (net)		1 152 305
Miscellaneous income and exchange adjustments (net)		68 719
Miscellaneous items refunded to UNDP (net)		<u>11 363</u>
		4 268 218
Deduct: Expenditure during 1980 - Schedule 1		
for projects	6 078 699	
for programme support costs	<u>819 620</u>	<u>6 898 319</u>
Balance at 31 December 1980		(2 630 101) =====

Represented by:

Cash at banks, on hand and in transit	54 053	
Accounts receivable	<u>272 563</u>	326 616
Deduct: Accounts payable	617 058	
1980 Unliquidated obligations	<u>2 339 659</u>	<u>2 956 717</u>
		(2 630 101) =====

CERTIFIED CORRECT

J. A. Jackson
J.A. Jackson

Head, Project Administrative Services
Technical Co-operation Division

APPROVED

C.P. Srivastava
C.P. Srivastava
Secretary-General

STATEMENT I
UNITED NATIONS DEVELOPMENT PROGRAMME
WORLD INTELLECTUAL PROPERTY ORGANISATION

Status of Funds as at 31 December 1980
(Expressed in US dollars)

<u>Operating Fund</u>	\$	\$
Balance at 1 January 1980		29 463.00
Add: Cash drawing from UNDP		340 000.00
IOVs and other charges (net)		188 162.42
Miscellaneous income and exchange adjustment (net)		(540.88)
Miscellaneous items refunded to UNDP (net)		-
		<u>557 084.54</u>
Deduct: Expenditure during 1980 Schedule 1		
For projects	404 994.33	
For programme support costs	<u>99 000.00</u>	<u>503 994.33</u>
Balance as at 31 December 1980		<u>53 090.21</u>
<u>Represented by:</u>		
Cash at banks, on hand and in transit		155 265.34
Accounts receivable		<u>2 260.26</u>
		157 525.60
Deduct: Accounts payable		<u>104 435.39</u>
		<u>53 090.21</u>

CERTIFIED CORRECT

APPROVED

(Signed) A. JACCARD
Chief, Finance Section

(Signed) M. PEREYRA
Director Administrative Division

AUDIT CERTIFICATE

The above statement has been examined in accordance with my directions. I have obtained all the information and explanations that I have required and I certify, as a result of the audit, that, in my opinion, the above statement is correct.

(Signed) W. FREI
Deputy Director
Swiss Federal Audit Office
External Auditor

Date: May 7, 1981

REPORT OF THE EXTERNAL AUDITOR ON THE AUDIT OF THE ACCOUNTS OF THE
INTERNATIONAL ATOMIC ENERGY AGENCY AS EXECUTING AGENCY UNDER THE
UNITED NATIONS DEVELOPMENT PROGRAMME FOR THE YEAR ENDED 31 DECEMBER 1980

General

1. I have examined the Statement and supporting Schedule relating to the participation of the International Atomic Energy Agency (IAEA) in the United Nations Development Programme (UNDP).
2. The audit was carried out in conjunction with my audit of the Agency's Accounts. During the audit, liaison was maintained with the Agency's Office of Internal Audit and Management Services.
3. As a result of my audit, the Statement and Schedule has been certified by me as being in conformity with the books and records and presenting fairly the financial position as at 31 December 1980.

Statement I

4. Statement I shows the resources made available to the Agency under the United Nations Development Programme and the expenditures for projects and programme support costs by the IAEA. The programme support costs include a provision under the flexibility arrangement.
5. Unliquidated obligations, accounts receivable and payables have been recorded at UNDP rates of exchange at the time of recording in the books. My audit revealed that for a number of unliquidated obligations, the latest exchange rates adjustments had not been applied. Upon liquidation of the obligations, the financial consequences are corrected because the differences will be charged or credited to the project budget, if not closed, or to UNDP as appropriate. No year-end adjustments have been made for exchange fluctuations.
6. For one project, the obligations incurred exceed the project budget in excess of the special provision which allows overruns of \$10,000 or 4 per cent whichever is higher. The excess refers to project MAG/77/012 where the project budget is approved to an amount of \$386,760 and obligations amount to \$413,777. The increase is due mainly to the steep rise in expert costs, the full extent of which was known only at the year end. The Agency has initiated correspondence. The outcome will be reviewed by me.

7. The miscellaneous items refunded to UNDP, amounting to \$21,821 include the reversal of cash drawings which had erroneously been transferred for Agency administered projects in the amount of \$18,900 in prior years. From the format prescribed by UNDP for the year-end accounts, it follows that 14 per cent representing overheads is deducted for the computation of the programme support costs. The transfers mentioned in this paragraph represent cash movements. The question arises whether UNDP should amend its format and related instructions to executing Agencies so that cash transfers of this type can be made without affecting the overheads computation.

8. The year-end reconciliation of UNDP books and Agency accounts include an item in Turkish lire equivalent to an amount of \$5,000, which has been kept as a reconciling item from 1975. In my report for the year 1977, I already observed that keeping reconciling items throughout the years is undesirable. I wish to stress this position once more.

9. It is noted that a small number of reconciling items exist between UNDP books and the Agency's accounts. They are currently handled and will be cleared in 1981.

Schedule I

10. The Schedule sets forth a breakdown of the expenditures by country and by regional projects.

Acknowledgement

11. I wish to record my appreciation of the willing co-operation experienced throughout my audit from the staff of the International Atomic Energy Agency.,

(signed) H. PESCHAR

Vienna, 25 March 1981

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME

INTERNATIONAL ATOMIC ENERGY AGENCY

Status of funds as at 31 December 1980

(Expressed in US dollars)

OPERATING FUND

Balance as at 1 January		(2 678 589)
Cash drawings from UNDP		4 760 360
Interoffice vouchers and other charges (net)		1 717 932
Miscellaneous income and exchange adjustments (net)		(29 883)
Miscellaneous items refunded to UNDP (net)		21 821
		<hr/>
		3 791 641
Expenditure during 1980 - Schedule 1		
For projects	5 017 945	
For programme support costs	1 049 397	6 067 342
	<hr/>	<hr/>
Balance at 31 December 1980		(2 275 701)
		<hr/> <hr/>

REPRESENTED BY:

Cash (in hand and in transit)		5 230
Cash at banks		767 841
Accounts receivable		194 435
		<hr/>
		967 506
Accounts payable	1 806 994	
1980 unliquidated obligations	1 436 213	3 243 207
	<hr/>	<hr/>
		(2 275 701)
		<hr/> <hr/>

R. H. Schenk

R. H. SCHENK

Acting Director, Division of Budget and Finance

Nelson F. Sievering, Jr.
NELSON F. SIEVERING, JR.
Acting Director General

The above statement has been examined in accordance with my directions. I have obtained all the information and explanations that I have required and I certify, as a result of the audit, that in my opinion the statement is correct.

H. Peschar

H. PESCHAR
External Auditor

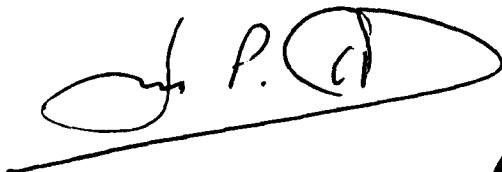
UNITED NATIONS DEVELOPMENT PROGRAMME

REPORT OF THE EXTERNAL AUDITORS ON THE AUDIT OF THE ACCOUNTS OF
THE WORLD TOURISM ORGANIZATION AS AN EXECUTING AGENCY UNDER THE
UNITED NATIONS DEVELOPMENT PROGRAMME
FOR THE YEAR ENDED 31 DECEMBER 1980

1. The Statement and supporting Schedule relating to the participation of the World Tourism Organization (WTO) in the United Nations Development Programme (UNDP) for the year ended 31 December 1980 are in the form prescribed by UNDP.
2. Statement I is supported by Schedule 1, which gives a breakdown of the project expenditures by recipient States, and which includes the 14 per cent provision for the Agency's programme support cost.
3. Our examination of the Statement and Schedule has been carried out in conjunction with our audit of the Agency's Accounts.
4. We have obtained all the information and explanations required, and as a result of the audit we certify that, in our opinion, the statements are correct and in conformity with the books and records.

J.P. Cortés Camacho

L. T. Maingi



STATEMENT I

United Nations Development Programme
World Tourism Organization
Status of Funds as at 31 December 1980
(expressed in US dollars)


Operating Fund

Balance at 1 January 1980		(3 464.90)
Add: Cash drawings from UNDP		830 000.00
IOVs and other charges (net)		91 864.71
Miscellaneous income		<u>910.92</u>
		919 310.73
Deduct: Expenditure during 1980-Schedule 1		
For projects	821 750.12	
For programme support costs	<u>115 045.44</u>	<u>936 795.56</u>
Balance at 31 December 1980		(17 484.83)


Represented by:

Cash at banks and on hand	(3 554.07)
Accounts receivable	<u>37 782.22</u>
	34 228.15
Deduct: Accounts payable	<u>51 712.98</u>
	(17 484.83)

CERTIFIED CORRECT

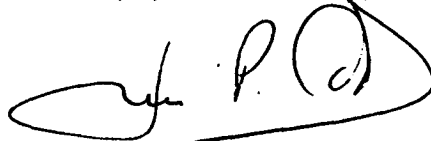

Eduardo Ramos-Reimundin
Chief of Finance



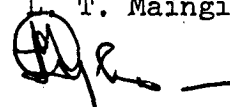
APPROVED

Robert C. Lonati
Secretary-General

AUDIT CERTIFICATE

J.P. Cortés Camacho



L. T. Maingi



الصندوق العربي للإنماء الاقتصادي والاجتماعي
تلفون - ٤٣١٨٧ • م.ب ٢١٩٢٣ ، كويت • ب.رقمنا : انمربك ، كويت

ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT

TEL : 431870 • P. O. BOX : 21923 • CABLE : INMARABI, KUWAIT • TELEX : INMARABI 2153 KT.

RAB/74/011

Programme for the Identification and Preparation
of Inter-Country Investment Projects and Related
Feasibility Studies.

Statement of Expenditures

1/1/1980 - 31/12/1980

U. N. D. P. Share

(In U. S. Dollar)

No.	Component	m/m	Amount \$
11-01	Team Leader	12	87 731/45
11-02	Project Economist	6	26 307/20
11-03	Financial Analyst	-	-
11-04	Project Engineer	12	83 610/15
16	Other Costs		13 557/59
29	Sub-Contracts		196 544/28
49	Equipment		366/33
59	Miscellaneous		5 449/02
99	Total	30	413 566/02
	Admin. Expenses 14%		57 899/24
		30	471 465/26
		===	=====

A. Raouf Al-Kady



Acting Director of Finance
Arab Fund for Economic and
Social Development - Kuwait



Talal Abu Ghazaleh & Co.
Auditors

Executive Office

1114 Avenue of the Americas
New York, New York 10036
(212) 790-0500
Telex 12267

OPINION OF INDEPENDENT AUDITORS

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

We have examined the following statement and supplemental schedule relating to funds for projects as to which the Bank is the executing Agency for the United Nations Development Programme:

Statement I - Status of Funds as at 31 December
1980

Schedule I - Expenditures during 1980

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

The accompanying statement and schedule have been prepared in accordance with the format and accounting practices prescribed by United Nations Development Programme ("UNDP"); on such basis, expenditures are recognized when obligations are incurred but allocations are recognized as a fund asset when drawn from UNDP. Accordingly, the statement is not intended to present financial position or results of operations in conformity with generally accepted accounting principles.

/...

In our opinion, the accompanying statement presents fairly the status as of 31 December 1980 of funds for which the Bank is the Executing Agency for the United Nations Development Programme and the receipts and expenditures of such funds for the year then ended on the basis of accounting described in the preceding paragraph, which basis has been applied in a manner consistent with that of the preceding year, and the accompanying supplemental schedule, when considered in relation to the aforementioned statement, presents fairly in all material respects the information shown therein.

Deloitte Haskins + Sells

27 February 1981

STATEMENT I
United Nations Development Programme
Asian Development Bank
(Executing Agency)
Status of Funds as at 31 December 1980
(Expressed in US dollars)

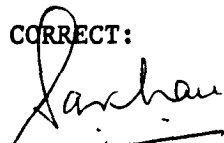
Operating Fund

Balance at 1 January 1980		(\$ 502 650.70)
Add:		
Cash drawings from UNDP		4 267 909.36
IOVs and other charges (net)		183 898.02
Miscellaneous income and exchange adjustments (net)		2 183.23
Miscellaneous items refunded to UNDP (net)		<u>343.64</u>
		3 951 683.55
Deduct:		
Expenditures during 1980 - Schedule 1		
For projects	\$3 878 689.18	
For programme support costs	<u>521 886.26</u>	<u>(4 400 575.44)</u>
Balance at 31 December 1980		<u><u>(\$ 448 891.89)</u></u>

Represented by:

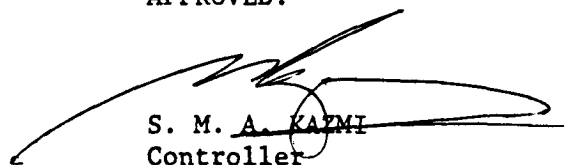
Cash at banks, on hand and in transit		\$ 475 791.55
Accounts receivable		<u>1 020 542.26</u>
		1 496 333.81
Deduct:		
Accounts payable	\$ 283 402.30	
1980 Unliquidated obligations	<u>1 661 823.40</u>	<u>(1 945 225.70)</u>
		<u><u>(\$ 448 891.89)</u></u>

CERTIFIED CORRECT:



SHAMSHAD ALI KHAN
Assistant Controller

APPROVED:



S. M. A. KAZMI
Controller



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

May 1, 1981

Inter-American Development Bank
and
Board of Auditors United Nations

We have examined the accompanying Statement of Status of Funds and Statement of Expenditures of the Inter-American Development Bank as Executing Agency for certain projects of the United Nations Development Programme for the year ended December 31, 1980. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 2, these statements are prepared in accordance with the format and accounting practices prescribed by the United Nations Development Programme. These practices differ in some respects from generally accepted accounting principles, and accordingly, the accompanying statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. This report is intended solely for filing with the United Nations and is not intended for any other purpose.

In our opinion, the accompanying statements present fairly, in accordance with the format prescribed, the status of funds and expenditures of the Inter-American Development Bank as Executing Agency for certain projects of the United Nations Development Programme for the year ended December 31, 1980 on the basis of accounting described in Note 2, which has been applied in a manner consistent with that of the preceding year.

Price Waterhouse & Co.

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

STATEMENT OF STATUS OF FUNDS

YEAR ENDED 31 DECEMBER 1980

(Expressed in U.S. dollars)

Operating Fund:

Balance (deficit) at January 1, 1980		\$(266 916)
Add: Cash drawings from UNDP	\$225 000	
IOVs and other charges (net)	5 647	
Other charges from UNDP	14 197	
Miscellaneous items refunded to UNDP (net)	7 571	252 415
		<u>(14 501)</u>
 Deduct: Expenditures during 1980		
For projects	184 792	
For overhead	25 871	210 663
		<u>210 663</u>
Balance (deficit) at December 31, 1980		<u><u>\$(225 164)</u></u>
 <u>Represented by:</u>		
Cash		\$ 37 850
Deduct: Accounts payable, including overhead entitlements not yet drawn by IADB	\$257 468	
1980 Unliquidated obligations	5 546	263 014
		<u>263 014</u>
Balance (deficit) at December 31, 1980		<u><u>\$(225 164)</u></u>

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

NOTES TO STATEMENT OF STATUS OF FUNDS AND
STATEMENT OF EXPENDITURES
YEAR ENDED 31 DECEMBER 1980

Note 1 - Organization

United Nations Development Programme (UNDP) was established to provide, among other services, assistance to less developed countries in carrying out projects for the purpose of promoting social progress and better standards of life and for advancing economic, social, and technical development. The Inter-American Development Bank (IADB) acted as Executing Agency for one project of UNDP during 1980.

Note 2 - Accounting Policies

The accompanying statements have been prepared in accordance with the format and policies prescribed by UNDP.

Allocations

UNDP makes contributions, or authorizes them to be made, toward the costs of the projects. Allocations are based upon estimated budgeted expenses which may or may not be directly related to costs actually incurred. The allocations also include an entitlement for Agency overhead costs. At 31 December 1980 the unspent balance of allocations, which is not recorded in the accompanying statements, approximates \$96,000.

IOVs

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

Expenditures

Expenditures are recorded by project on the basis of approved budgets to include: (1) actual disbursements relating to the current year, and (2) amounts payable or accrued at 31 December 1980, to the extent that such payables or unliquidated obligations, when combined with actual disbursements, do not exceed budgeted expenditure ceilings established by UNDP for 1980. Amounts in excess of the ceilings are recorded as expenditures of the subsequent year. Any savings from liquidation of prior years' obligations are reflected as a reduction in project expenditures and are refunded to UNDP. In determining expenditures, the costs of experts is recorded based upon actual costs of the individual expert.

Overhead

The IADB, as Executing Agency, provides administrative and supervisory services to the projects for an entitlement for Agency overhead costs. The entitlement is determined by UNDP and is based on a fixed percentage (14 per cent in 1980) of project expenditures subject to overhead.

Accounts Payable and Unliquidated Obligations

In accordance with accounting requirements of UNDP, accounts payable as of 31 December 1980 includes obligations for goods and services provided in the annual project budgets prior to 1980, which were still unpaid, irrespective of the date of delivery of such goods and services, and accumulated overhead entitlements not yet drawn by the IADB. Unliquidated obligations (1980) represent obligations for goods purchased and services provided in connection with the project budget for 1980, irrespective of the date of delivery of such goods and services.

Statement V

UNEP: UNITED NATIONS DEVELOPMENT PROGRAMME ACCOUNT

United Nations Development Programme as an executing
 agency for its projects

Status of funds as at 31 December 1980
 (United States dollars)

<u>1979</u>		<u>1980</u>
(7 685 841)	Balance at beginning of year	(9 133 181)
46 882 080	Add: Cash drawings, interoffice vouchers and other charges (net)	57 801 550
21 161	Miscellaneous income and exchange adjustments (net)	2 075
<u>8 035</u>	Miscellaneous items refunded to UNEP (net)	<u>113 310</u>
39 225 435		<u>48 783 754</u>
	Less: Expenditure during 1980	
	For projects:	
	Executed by the Office for Projects Execution	52 092 227
	Executed by the United Nations Volunteers programmes	2 668 468
	Executed jointly by Unit for Europe and the Economic Commission for Europe	556 532
	Amounts charged to IPFs in respect of unpaid balances of assessed programme costs (Note 17)	<u>1 187 783</u>
45 674 635		56 505 010 ^{a/}
	For support costs:	
	Administrative costs of the Office for Projects Execution (Schedule 8)	2 667 406
	Costs of support services for UNEP- executed projects (Schedule 9)	1 305 387
	Support costs paid by the Office for Projects Execution to associated agencies (net) (Note 11)	<u>178 992</u>
<u>2 683 981</u>		<u>4 151 785^{a/}</u>
48 358 616		<u>60 656 795</u>
(9 133 181)	Balance at end of year	(11 873 041)
	Represented by:	
(9 133 181)	Unliquidated obligations (Note 4)	(11 873 041)

^{a/} As shown in schedule 6.

The accompanying notes are an integral part of the financial statements

CERTIFIED CORRECT

(Signed) M. Douglas STAFFORD
 Director
 Division of Finance

