

UNICEF MICROFICHE INPUT CONTROL AND INSTRUCTIONS RECORD

No. 600 (1)

(15*) STRIPE COLOUR: White Blue Grey - Yellow - Green - Brown - ~~Pink~~ - Red

Date 17 Sept. 77 (2)

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L.76(B-4): UNICEF GREETING CARD FUND

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July-Dec/68

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(19*) ENVELOPE COLOUR: White - Blue - Yellow - Pink - Green - Grey

TRAILERS YES()
NO () (14)

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



DISTR.
LIMITED

E/ICEF/AB/L.77
1 July 1968
ORIGINAL: ENGLISH

UNITED NATIONS CHILDREN'S FUND

Executive Board

Report of the Board of Auditors to the General Assembly
on the Accounts of the United Nations Children's Fund
for the year ended 31 December 1967

1. The Executive Director of the United Nations Children's Fund submitted the following statements for certification by the Board of Auditors:

Statement I. Income and expenditure for the year ended 31 December 1967;

Statement II. Financial position at 31 December 1967;

Statement III. Administrative and operational services, budgetary estimates, obligations incurred and unencumbered balance for the year ended 31 December 1967.

2. The Board wishes to point out that the total actual income and expenditures incurred by UNICEF in its operations and administration all over the world are reported partly on Statement I mentioned above which shows a summary of assistance operations for the year, and partly on tables which cover an integral part of the over-all operations.

3. UNICEF intends to revise and expand in 1968 accounts the information presently given as part of the yearly Financial Report submitted by the Executive Director, but which has not been submitted with the statements and supporting schedules for the certification of the Board of Auditors. Income and expenditure shown separately on tables and notes will therefore form part of the Financial Statements for the year 1968.

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4. The tables mentioned in para. 3 above refer to the following: Table 6 (of the Financial Report) on Trust Funds showed \$885,766.65 of expenditures and \$912,457.33 of income. Table 7, on Public Information Revolving Fund, showed expenditures in the amount of \$324,269.33 and income amounting to \$284,486.87. Expenditures incurred in order to maintain the Copenhagen Packing and Assembly Centre operation, amounting to \$599,051.85 in 1967, which were not shown separately in any table but were absorbed by charging programme allocations, will be indicated in the future in an additional table covering this and any other future operations applicable to the Fund.
5. The Board of Auditors recommends that UNICEF should take the necessary action to show, in a clear and consistent way, the total actual income and expenditures applicable to the Fund in its operations and administration all over the world. This would provide a better evaluation of the relationship of total income to total expenditures on a yearly basis, and an opportunity to pinpoint those elements of administration or operations which are particularly good or are in need of improvement.
6. The Board of Auditors has recommended in past years that "a further reorganization of the Internal Audit Service is necessary to keep up with the demands of a growing organization and the continuous decentralization of its activities. This would necessarily imply putting the Internal Audit Section in a higher category within the Organization". On this recommendation, steps were taken to prepare an Audit Manual and to strengthen the Audit Section with a number of qualified auditors. The Board considers that it is now time to put the Internal Audit Section in a higher category within the Organization becoming operationally responsible to the Deputy Executive Director (Operations) so as to ensure a certain amount of necessary independence within the framework of the Fund's organization. This, the Board considers, should result in greater efficiency in the accomplishment of the type of audit envisaged by the Executive Director of UNICEF in his appearance before the Fifth Committee in 1966.

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7. Certain expenditures amounting to \$15,727.91 for permanent equipment in the Copenhagen Warehouse were not covered by the budget, but were absorbed by the Accumulated Surplus Account. The Accumulated Surplus in the amount of \$337,576.80 arises from credit price variances, freight variances, cash discounts and bank interest and its total at 31 December 1967 has been deducted from the asset accounts "Supplies in Warehouse and in Transit" shown on Statement II of the Financial Statements for the year ended 31 December 1967. This surplus has been retained as a reserve to be charged with losses arising from damaged or obsolete supplies and with price and freight variances.
8. Income from non-governmental sources around \$5 million came largely from National Committees' collections and campaigns, after deducting commissions of up to 25 per cent from the total funds raised to cover the Committees' operational and administrative activities.
9. The Board considers that a special effort should be made by UNICEF to enter into signed agreements with each National Committee following the Guidelines as a general basis for negotiations. The signed agreements should provide a clear understanding of the Committees' rights and obligations of both parties as regards general and Greeting Card operations. The absence of adequate agreements with these Committees precludes the UNICEF Administration from a critical review of the actions of the Committees (i.e. regarding transfer of funds, expenditures incurred, accounting records and reports, etc.).
10. The Board considers that fulfilment of the original Plans of Operation signed between UNICEF and the assisted governments should be carefully observed, and deviations should be put in writing as amendments. The Board further believes that if a project cannot begin, or if its implementation is halted, the allocation should be cancelled after a reasonable period of time and the plan of operations terminated. This has been agreed by UNICEF, and the cancellation of inactive allocations has already been stepped up in recent years.

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11. The Board is appreciative of the co-operation and assistance received in the discharge of its duties.

S.M. Raza, S.Pk.
Comptroller and Auditor-General
of Pakistan

Roger Peltot
President of the Cour des Comptes
of Belgium

Evaristo Sourdis
Controller-General of Colombia

20 June 1968