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UNITED NATIONS CHILDREN'S FUND

Committee on Administrative Budget

Report of the Board of Auditors on the Accounts of  
UNICEF for 1967 and the Greeting Card Fund for the  
1966/1967 season

Note by the Executive Director

1. At its session in June 1968 the Committee on Administrative Budget reviewed and approved the financial report and accounts of UNICEF for the year 1967 and of the Greeting Card Fund for the 1966 season, covering the period 1 May 1966 to 30 April 1967. The reports of the United Nations Board of Auditors on these accounts<sup>1/</sup> were not available at the time of the Board session, and it was agreed that they would be reviewed at the next Board session (E/ICEF/576, paras. 116-117, 132).
2. Subsequently, the accounts, as well as the reports of the Board of Auditors, were examined by the Advisory Committee on Administrative and Budgetary Questions which commented on them as part of a report to the General Assembly (see annex to this document). The Fifth Committee, and later the General Assembly, accepted the financial report and accounts of UNICEF and took note of the observations of the Advisory Committee (A/RES/2380/XXIII of 1 November 1968).

<sup>1/</sup> The report of the Board of Auditors on the UNICEF accounts is contained in E/ICEF/AB/L.77 and on the Greeting Card accounts in E/ICEF/AB/L.79.

3. In this Note the Executive Director comments on the substantive observations of the Board of Auditors.

Report of the Board of Auditors on UNICEF accounts

4. In its report on the accounts of UNICEF (E/ICEF/AB/L.77) the Board of Auditors suggested in paragraphs 2-5 certain changes in the presentation of UNICEF's accounts, relating particularly to revenue-producing activities. Various discussions have since taken place between UNICEF and the External Auditors, and the format of the accounts for 1968 will be modified to include more detailed information, particularly concerning the items set out in paragraph 4. Statement I - Income and Expenditure, will show all amounts of net income and expenditures therefrom for project assistance covered by Executive Board approval, including cost of administration and operational services. Statement II - Financial Position, will show the unfulfilled allocations approved by the Executive Board, and the net assets available to meet these. The Notes will form an integral part of the financial statements, providing expanded information concerning trust fund operations, revenue-producing activities, and the operation of the Copenhagen Fielding and Assembly Centre. The Notes will be cross-referenced to the appropriate headings in Statements I and II. A separate report on the greeting card and related sales operations will constitute Part II of the financial report.

5. In paragraph 6, the Board of Auditors recommended again that UNICEF's Internal Audit Section should report directly to the Executive Director's Office. This Section is now undertaking a management audit rather than a purely financial audit, and its observations and recommendations are addressed to various Divisions as appropriate. Taking this into account, the Executive Director, on 7 November 1968, informed the External Auditors that he has decided that the head of the Internal Audit Section should report directly to the Deputy Executive Director (Operations)

6. In paragraphs 8 and 9, the United Nations Board of Auditors recommends that UNICEF should have signed agreements with all UNICEF national committees. The Executive Director shares the concern of the Board of Auditors in this matter. In 1966 and 1967 written agreements were concluded with national committees in Europe. Written agreements are now under discussion with the UNICEF National Committees of Canada and the United States, and with several other committees recently formed.

Report of the Board of Auditors on Greeting Card Accounts

7. The final report on the study of the administrative and structural organization of the Greeting Card Fund referred to by the Board of Auditors in paragraphs 2 and 3 of its report on the accounts of the Greeting Card Fund (E/ICEF/AB/L.79) is expected to be available early in 1969. It will be circulated to members of the Committee on Administrative Budget for consideration in connexion with its examination of the proposed Greeting Card Fund Budget for the 1969 season (1 May 1969 to 30 April 1970).

8. The Board of Auditors made certain suggestions in paragraph 5 regarding a revised presentation of the statement on income and expenditures. The Greeting Card Fund's financial report for the year ended 30 April 1968 has been prepared in accordance with these suggestions.

Excerpt from

Second report of the Advisory Committee on Administrative and Budgetary  
Questions to the General Assembly at its twenty-third session

A/7219, 13 August 1968

(c) United Nations Children's Fund

12. The Advisory Committee on Administrative and Budgetary Questions has examined the financial reports and accounts of (a) the United Nations Children's Fund for the year ended 31 December 1967, and (b) the UNICEF's Greeting Card Fund for the year ended 30 April 1967, together with the related reports of the Board of Auditors.<sup>3/</sup>

13. The Committee notes that the Executive Director of UNICEF intends to revise the form of presentation of the Fund's accounts beginning with those for 1968, as a result of which that part of income and expenditure which has hitherto been shown separately in tables and notes will form part of the financial statements; this additional material will include the income and expenditure of the Trust Funds and the Public Information Revolving Fund. The Board has recommended in this connexion that total actual income and expenditure relating to the Fund's operations and administration should be presented in a clear and consistent manner.

14. The Committee is confident that the Executive Director of UNICEF will give careful consideration to the Board's recommendations on strengthening the Fund's Internal Audit Service, and on the relationships with National Committees, set out in paragraphs 8 and 9 of the Board's report.

15. As regards the Greeting Card Fund, the Advisory Committee has noted that the final report by the United Nations Administrative Management Service on the operational and structural organization of the Fund will be available shortly, and that the implementation of the recommendations contained in the interim report has been reviewed in the Fund's budget estimates for the 1968 session.

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<sup>3/</sup> Official Records of the General Assembly, Twenty-third Session, Supplement  
No. 6B (A/7206/Add.2).