



GOVERNING COUNCIL
Twenty-seventh session
June 1980
Agenda item 10(b)

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

SUPPLEMENTARY BUDGET ESTIMATES FOR 1979

Report of the Advisory Committee on Administrative
and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Administrator on supplementary budget estimates for 1979 (DP/495).
2. In the summary of the report the Administrator states that "the final runs closing the 1979 accounts, which covered all adjustments and increased costs during the latter part of the year including final expenditures for the field, show that 1979 full-year expenditures exceeded revised appropriations by some \$2.4 million". The Administrator is requesting a supplementary appropriation to cover some \$1.9 million of this amount. For the reasons given in paragraph 14 of his report, he is not seeking a supplementary appropriation for the remaining \$485,000 which relates to expenditure for the Integrated Systems Improvement Project (ISIP). (See paragraphs 8-12 below).

Request for Supplementary Appropriations

3. The over-expenditure of \$1,948,000 for which a supplementary appropriation is being requested is summarized in Table 1 of DP/495, and the major areas of increase are described in paragraphs 4-10 of that document; a shortfall in projected income is described in paragraph 11 of DP/495.
4. The Advisory Committee notes that the Administrator's request for a supplementary appropriation for 1979 to cover the over-expenditure of \$1.9 million is ex post facto although the financial regulations of UNDP contain no provision for such ex post facto approval by the Governing Council.
5. While the Advisory Committee is aware of the inflationary pressures which led to the increases in costs, it is of the opinion that more attention should have been paid in DP/495 to an explanation of why these cost increases could not have been offset by greater efforts at economy, thus diminishing the resultant over-expenditures. A partial explanation with regard to attempts to effect savings in official travel is given in paragraph 9 of DP/495, but even this explanation is insufficient, given the nature of the request.

6. With regard to the ex post facto nature of the request, the Advisory Committee was informed that largely because of weaknesses in the financial information and control systems in use in 1979 and prior years, it was not possible for the UNDP to be fully aware of all over-expenditures in order to submit timely supplementary estimates in 1979. In this connexion the Committee notes paragraphs 12 and 13 of DP/495 which state that:

"12. The main effort in the financial area under the Integrated Systems Improvement Project (ISIP) has been to design data processing systems which will permit the faster and more accurate input of data, the integration of data flowing from and to various sub-systems and users, the symmetrical alignment and regrouping of this data into forms readily usable by various managers at various levels, which, in turn, will result in the production of appropriate, tailored reports with which management can exercise positive and timely control.

13. One of the systems which have been designed, for which programmes are being written and which should be in operation in 1980 (with retroactive effect to 1 January 1980) should provide both positive control and early warning in the appropriations/allotment/expenditure fields. This system is called the "Appropriations and Allotment Control and Expenditure Projection System". It has been designed to assist in preventing just the type of appropriation overexpenditure -- without advance warning -- which occurred in 1979."

7. Under the circumstances the Advisory Committee does not object to the approval of a supplementary appropriation for 1979 in the net amount of \$1,948,031 (\$1,867,880 gross), as requested by the Administrator.

Expenditure for ISIP

8. As was stated in paragraph 2 above, the \$2.4 million total over-expenditure referred to by the Administrator includes \$485,000 spent from the resources of UNDP towards the 1979 costs of ISIP. However, according to paragraph 14 of DP/495, the Administrator is of the opinion that an additional appropriation is not necessary to cover this part of the over-expenditure since an amount of \$485,000 was conditionally approved for ISIP for 1979 by the Governing Council in paragraphs 4-5 of its decision 79/42.

9. In paragraphs 4 and 5 of its decision 79/42 the Governing Council:

"4. Authorizes the Administrator to enter into a further commitment for phase II of the project of an additional amount of \$1.2 million, if required, bringing the total cost to \$2.4 million for 1979 and 1980, with the financing of this phase of the project to be met in the following manner:

- (i) approximately \$595,000 from contributions already made and still available after completion of phase I;
- (ii) Special voluntary contributions to be made to UNDP for this purpose;
- (iii) Savings under the 1979 and 1980 administrative and programme support budgets;

- (iv) Only to the extent that these additional resources do not become available, the Governing Council conditionally approves appropriations in the amounts of \$485,000 and \$1,320,000 for 1979 and 1980, respectively, to be allocated from the resources of UNDP to finance the 1979 and 1980 costs of ISIP.

5. Decides that before exercising the authority granted in paragraph 4 (iv) above the Administrator will seek the comments of the Advisory Committee on Administrative and Budgetary Questions;"

10. Paragraph 14 of DP/495 seems to imply that since additional resources for ISIP in 1979 did not become available from voluntary contributions or through savings the appropriation of \$485,000 is no longer conditional, that the amount thus spent is therefore not an over-expenditure and that no further action by the Council is required to approve this expenditure.

11. The Advisory Committee points out, however, that the requirements of paragraph 5 of decision 79/42 have not been met in that the Administrator did not seek the comments of the Committee before exercising the authority granted him in paragraph 4 (iv) of the decision.

12. Under the circumstances the Advisory Committee is of the opinion that the appropriation of \$485,000 must still be considered conditional and as such subject to the further consideration of the Council.

Proposed Transfer of Credits

13. In paragraph 16 of his report the Administrator refers to Governing Council decision 25/19 relating to the budget for 1979, in which the Council agreed that the Administrator should be authorized to transfer credits between programmes of the 1979 budget, within reasonable limits with the concurrence of the Advisory Committee on Administrative and Budgetary Questions. The Administrator goes on to state that he is "seeking the concurrence of the Advisory Committee on certain shifts between programmes".

14. The Advisory Committee points out that requests such as the one referred to by the Administrator are usually made by way of a direct submission to the Advisory Committee and a direct response by the Committee to the Administrator, which is then reported to the Governing Council. Inasmuch as the Committee has not received any communication from the Administrator on this subject, the Committee can only assume that the reference to "seeking concurrence" in paragraph 16 of DP/495 should be interpreted as constituting the request itself.

15. On that assumption, the Committee gives its concurrence to the proposed transfers as summarized in Table 2 of DP/495. The Committee trusts that future requests for such concurrence will be made directly to it in the normal manner.