

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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DIRECTOR-GENERAL'S FINANCIAL REPORT

ON THE 1973 ACCOUNTS

and

REPORT OF THE EXTERNAL AUDITOR THEREON

DIRECTOR-GENERAL'S FINANCIAL REPORT ON THE
1973 ACCOUNTS OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

1. The Director-General hereby submits his report on the accounts of the General Agreement on Tariffs and Trade for the financial year ended 31 December 1973.
2. Following the decision taken by the CONTRACTING PARTIES to express the budget in Swiss francs with effect from 1 January 1973, the annual accounts for 1973 are presented in Swiss francs.

GENERAL FUND

Income and Expenditure Account
(Statements 1 and 2)

(i) Income

(a) Contributions

3. At the adoption of the income budget, 1973 contributions were assessed on the contracting parties in the amount of SwF 21,261,000. Subsequently, contributions totalling SwF 246,280 were assessed for 1973 on Singapore (SwF 155,205), the Philippines (SwF 34,630) and Hungary (SwF 56,445). Of the total amount of SwF 21,507,280, collections as at 31 December 1973 amounted to SwF 20,664,845.

(b) Miscellaneous income

4. For 1973, miscellaneous income amounted to SwF 561,923 against an estimate of SwF 266,000.

5. The details compared with those of 1972 are as follows:

	<u>1972</u>	<u>1973</u>
	<u>SwF</u>	<u>SwF</u>
Interest on investments	270,303	302,037
Sale of publications	65,406	60,016
Profit or loss on exchange	(46,907)	32,326
Savings on previous year's outstanding obligations	27,519	31,190

	<u>1972</u> <u>SwF</u>	<u>1973</u> <u>SwF</u>
Refund of the organization's contribution to the United Nations Joint Staff Pension Fund in respect of participant withdrawals	30,534	103,558
Other income	<u>53,206</u>	<u>32,796</u>
	<u>400,061</u> <u>=====</u>	<u>561,923</u> <u>=====</u>

6. Interest on investments, covering also interest earned on the Working Capital Fund, includes amounts accrued as at 31 December 1973.

7. "Other income" for 1973 comprises the following:

	<u>Swiss Francs</u>
Reimbursement of staff costs for services rendered	4,090
Bank interest on current accounts	6,049
Refund of prior year's expenditure	3,629
Work done for delegations and others	17,789
Profit on sale of securities	179
Proceeds from the sale of equipment	21
Miscellaneous items	<u>1,039</u>
	<u>32,796</u> <u>=====</u>

8. Appropriations for the financial year 1973 were approved by the CONTRACTING PARTIES at a level of SwF 21,527,000. As shown in Statement 2, obligations incurred in 1973 total SwF 19,704,183 of which SwF 645,120 were unliquidated as at 31 December 1973, leaving an unencumbered balance of SwF 1,822,817. This surplus resulted mainly from (a) the non-utilization of the provision for unforeseen expenditure; (b) savings made on the section for Trade Negotiations and their preparation due to the fact that in 1973 the level of these activities was much below that anticipated when the budget was approved; (c) savings made on payments based on or due in dollars, such as salaries and allowances, pension fund contributions and the GATT contribution to the International Trade Centre budget. In fact, provision was made in the budget for dollar-based payments at a conversion rate of

SwF 3.80 to US\$1. During the financial year the rates at which payments were made were consistently considerably lower. In the case of salaries, the resulting savings were reduced through the application of the post adjustment system which partially compensated loss in take-home pay for staff in the professional category and above; (d) savings made on salaries due to the fact that a certain number of established posts remained unfilled during various periods of the financial year, and from the redeployment of available staff resources rather than making use of supplementary temporary assistance; (e) savings made on the section for the 29th Session of the CONTRACTING PARTIES since the meeting lasted three days only, whereas provision was made for a two-week session; and (f) savings realized on miscellaneous items such as travel on official business, postal services, and public information.

9. The Council approved transfers of SwF 76,696 which were necessary in order to cover excess expenditure over approved appropriations incurred in Part II - Section 3 - Common services (SwF 69,751) and Section 5 - Representation and hospitality (SwF 6,945). The excess expenditure incurred on the common services was mainly due to the greater volume of reproduction and distribution of documents during 1973 as compared with original estimates. The excess expenditure incurred on the item for representation and hospitality is the result of adjustments of the representation allowance for ungraded posts decided by the Council subsequent to the approval of the budget.

10. In connexion with the running of the three staff canteens, subsidies in the form of free accommodation, electricity, heating, water supply, insurance premiums, etc. were charged to the relevant budget items in 1973. In addition, expenditure was incurred for the purchase and maintenance of equipment (SwF 2,397).

Statement of Assets and Liabilities
(Statement 3)

(i) Assets

(a) Investments

11. Investments at 31 December 1973 totalled SwF 2,300,000 which were held in interest-bearing short-term deposit accounts (Schedule A). US\$10,000 3 5/8% Bonds, City of Montreal 1959, which were held at 31 December 1972, were realized on 1 October 1973.

(b) Contributions receivable from contracting parties

12. Contributions receivable from contracting parties amounted to SwF 1,571,179 at 31 December 1973. Contributions with respect to financial years 1963 to 1972 were assessed in US dollars and the amount still due was US\$227,733. This amount, recorded at 31 December 1973 at the internal accounting rate of SwF 3.20 to US\$1, was SwF 728,744. In 1973 contributions were assessed in Swiss francs and an amount of SwF 842,435 was due at 31 December 1973 with respect to the financial year 1973. In previous years' accounts, Schedule C showed contributions assessed and amounts collected for each financial year since 1948. In the accounts for 1973, this schedule has been replaced by a statement of outstanding contributions at 31 December 1973.

13. Miscellaneous accounts receivable as at 31 December 1973 amounted to SwF 428,618. It included outstanding invoices in respect of sale of publications and services rendered of SwF 101,283, accrued interest on investments of SwF 55,390, advances to staff members on education grants of SwF 114,320, on travel subsistence allowances of SwF 5,039 and on salaries of SwF 7,000. It also included an amount of SwF 85,830 representing the balance, pending establishment of a final account, with respect to the GATT Ministerial Meeting held in Tokyo in September 1973. Miscellaneous items amounted to SwF 59,756 which included advance payment of insurance premiums, recoverable Swiss Federal taxes, prepaid 1974 expenditure, etc.

(c) Buildings

14. The two GATT-owned buildings were erected on United Nations' land in 1960/61 and 1964/65 at a cost of SwF 951,450 and SwF 1,283,061 respectively. In accordance with the agreement reached with the United Nations (document C/W/78), the United Nations has the option of acquiring these two buildings at either the commercial value at the date vacated by GATT or at a depreciated value arrived at by applying a depreciation rate of 5 per cent per annum to the original construction cost in the case of the first annex and a rate of 6.25 per cent per annum in the case of the second annex. The applicable value on vacation by GATT would be the lower of the values resulting from the two methods of valuation mentioned above. On the basis of the second method of valuation, the two annexes would become the property of the United Nations without further payment by 31 December 1980.

(ii) Liabilities

(a) Miscellaneous accounts payable

15. Miscellaneous accounts payable as at 31 December 1973 amounted to SwF 90,156, representing almost entirely cheques drawn on banks but not presented (SwF 79,657).

(b) Provision for losses or returns in respect of publications sales

16. Irrecoverable debts in respect of publications sales amounting to SwF 2,185 were written off in 1973 against this provision.

(c) Provision for contributions in arrears

17. SwF 1,571,179 cover all contributions in arrears as at 31 December 1973. Contributions in arrears relating to financial years 1963 to 1972 are payable in US dollars (see paragraph 12) and provision has therefore been made with respect to arrears for these years on the basis of SwF 3.20 to US\$1.

(d) Surplus

18. Excess of 1973 income over estimated income amounted to SwF 542,203 and the unencumbered balance on the 1973 expenditure budget was SwF 1,822,817, resulting in a surplus of SwF 2,365,020. Of this surplus, SwF 149,116 were used to repay the advance from the Working Capital Fund to meet the deficit at 31 December 1972 (US\$ 46,599 , SwF 433,176 were used to meet the increased level of contracting parties' contributions in arrears as at 31 December 1973 and SwF 196 were used to write off debts irrecoverable. The Council decided the disposal of the remaining balance of SwF 1,782,532 as follows:

Swiss francs

Transfer towards 1974 income (L/3944, paragraph 24)	1,000,000
Transfer towards 1974 income to cover cost of a training course on the multilateral trade nego- tiations for senior officials from developing countries (L/3986, paragraph 11)	160,000

Swiss francs

Transfer to a Building Fund to
cover initial expenditure of
modifications and renovations of
the present ILO building (L/3986,
paragraph 9)

622,532

1,782,532
=====

WORKING CAPITAL FUND

19. Following the decision taken by the CONTRACTING PARTIES to express the GATT budget in Swiss francs with effect from 1 January 1973, all Working Capital Fund dollar investments were converted into Swiss francs. The principal of the Working Capital Fund, which on 31 December 1972 stood at US\$367,052.32, converted on 1 January 1973 at the then applicable accounting rate of SwF 3.80 to US\$1, was SwF 1,394,798.80. During 1973 advances totalling SwF 29,205 were assessed on three contracting parties, raising the principal of the Fund to SwF 1,424,003.80 as at 31 December 1973. In addition, an amount of SwF 54,546 (US\$14,354.12) resulting from the revised assessment in 1965 of advances to the Fund (document L/2482) and SwF 2,354 (US\$619.53) resulting from the dissolution of the former Federation of Rhodesia and Nyasaland (document L/2324) remained to the credit of the Government's accounts.

20. An amount of SwF 8,379, representing advances assessed on Bangladesh (SwF 6,940), Haiti (SwF 56) and Rhodesia (SwF 1,383) was still outstanding on 31 December 1973.

21. The amount of US\$46,599 required to cover a deficit on the General Fund due to the increased level of contracting parties' contributions in arrears as at 31 December 1972 was repaid to the Working Capital Fund during 1973 upon receipt of outstanding contributions.

NON-EXPENDABLE EQUIPMENT

22. The value at cost at the time of acquisition through the GATT budget of furniture, equipment (other than minor items) and vehicles still in use amounted to SwF 1,776,524 as noted on the Statement of Assets and Liabilities (Statement 3). Certain items of furniture, valued at the cost price of SwF 38,521, are at present being utilized by the International Trade Centre UNCTAD/GATT at its new premises. Arrangements have been made with the Centre for this equipment to remain at its disposal until such time as it is required by GATT.

(Signed)

Olivier Long
Director-General

(Signed)

J. Tassin
Director
Administrative and Financial Division

CERTIFICATE OF THE EXTERNAL AUDITOR ON THE ACCOUNTS
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1973

I have examined the appended financial statements, numbered 1 to 3, of the General Agreement on Tariffs and Trade for the year ended 31 December 1973. 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 financial statements are correct.

(Signed)

D. B. Pitblado
(Comptroller and Auditor General, United Kingdom)
External Auditor

GENERAL AGREEMENT ON TARIFFS AND TRADE

Income and Expenditure Account for the Year ended 31 December 1973

Statement 1

(in Swiss francs)

<u>EXPENDITURE</u>		<u>INCOME</u>	
1973 budget expenditure	19,704,183	Contributions assessed on contracting parties	21,261,000
Excess of income over expenditure	2,365,020	Additional contributions assessed on three contracting parties subsequent to adoption of scale of contributions	246,280
		Miscellaneous:	
		Interest on investments	302,037
		Sale of publications	60,016
		Profit on exchange	32,326
		Savings on previous year's outstanding obligations	31,190
		Refund of the organization's contribution to the United Nations Joint Staff Pension Fund in respect of participant withdrawal	103,558
		Other income	32,796
	<hr/>		<hr/>
	22,069,203		561,923
	=====		=====
			22,069,203
			=====

(Signed)

Olivier Long
Director-General

(Signed)

J. Tassin
Director
Administrative and Financial Division

GENERAL AGREEMENT ON TARIFFS AND TRADE
Statement of Budgetary Expenditure 1973
(in Swiss francs)

Statement 2

	Original Appropriations	Authorized Transfers	Revised Appropriations	liquidated	Expenditure unliquidated	Total	Balances
<u>PART I - MEETINGS</u>							
Section 1. Twenty-ninth session of the CONTRACTING PARTIES	89,300	-	89,300	8,625	3,675	12,300	77,000
2. Meetings of the Council and other meetings	321,480	-	321,480	215,629	33,400	249,029	72,451
TOTAL PART I	410,780	-	410,780	224,254	37,075	261,329	149,451
<u>PART II - SECRETARIAT</u>							
Section 1. Salaries and wages and official travel	10,423,780	(76,696)	10,347,084	9,870,606	36,200	9,906,806	440,278
2. Common staff costs	2,625,420	-	2,625,420	2,349,152	123,031	2,472,183	153,237
3. Common services	1,362,300	69,751	1,432,051	1,117,355	314,696	1,432,051	-
4. Printing	270,560	-	270,560	147,208	102,665	249,873	20,687
5. Representation and hospitality	59,660	6,945	66,605	66,605	-	66,605	-
6. Public information	11,400	-	11,400	609	-	609	10,791
7. Permanent equipment	165,680	-	165,680	139,629	25,945	165,574	106
TOTAL PART II	14,918,800	-	14,918,800	13,691,164	602,537	14,293,701	625,099
<u>PART III - UNFORESEEN EXPENDITURE</u>							
Section 1. Unforeseen expenditure	190,000	-	190,000	-	-	-	190,000
<u>PART IV - TRADE NEGOTIATIONS AND THEIR PREPARATION</u>							
Section 1. Trade negotiations and their preparation	1,681,500	-	1,681,500	1,029,404	5,508	1,034,912	646,588
<u>PART V - INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u>							
Section 1. Contribution to the International Trade Centre UNCTAD/GATT	4,325,920	-	4,325,920	4,114,241	-	4,114,241	211,679
GRAND TOTAL	21,527,000	-	21,527,000	19,059,063	645,120	19,704,183	1,822,817

(Signed)

Olivier Long
Director-General

(Signed)

J. Tassin
Director
Administrative and Financial Division

GENERAL AGREEMENT ON TARIFFS AND TRADEStatement of Assets and Liabilities as at 31 December 1973Statement 3

(in Swiss francs)

<u>ASSETS</u>		<u>GENERAL FUND</u>	<u>LIABILITIES</u>	
Cash in hand		5,000	Miscellaneous accounts payable	90,156
Cash at Banks and Postal Cheque Accounts		181,372	Contributions paid in advance	370,318
Investments (Schedule A)		2,300,000	Reserve for 1973 obligations outstanding as at 31 December 1973 per Statement 2	645,120
Contributions receivable from contracting parties (Schedule C)		1,571,179	Provision for losses or returns in respect of publications sales	26,864
Miscellaneous accounts receivable		428,618	Provision for contributions in arrears	1,571,179
Buildings (see Note 1)			Surplus:	
First Annex: Construction cost	951,450		Excess of income over expenditure in 1973	2,365,020
Deduct: Amortization	<u>951,450</u>	NIL	Deduct: Repayment to the Working Capital Fund	149,116
Second Annex: Construction cost	1,283,061		Increase of provision for contributions	433,176
Deduct: Amortization	<u>1,283,061</u>	NIL	in arrears	196
			Write off of debts irrecoverable	<u>582,488</u>
				1,782,532
			Appropriated for:	
			1974 expenditure (document L/3944)	1,000,000
			training course on the multilateral	
			trade negotiations for senior	
			officials from developing	
			countries (document L/3986)	160,000
			building fund (document L/3986)	<u>622,532</u>
		4,486,169		4,486,169
		=====		=====
<u>WORKING CAPITAL FUND</u>				
Cash at banks		28,413	Principal of Fund:	
Investments (Schedule B)		1,458,095	Sums held to the credit of GATT	95,000
Accounts receivable:			Advances made by contracting parties	<u>1,329,004</u>
Advances assessed on contracting parties		8,379	Accounts payable:	
			Due to General Fund	13,983
			Due to Zambia (document L/2324)	2,354
			Due to contracting parties (document L/2482)	<u>54,546</u>
		1,494,887		1,494,887
		=====		=====

Notes:

- (1) Disposal of the buildings, which are erected on United Nations land, is subject to an agreement with the United Nations.
- (2) Furniture, equipment and vehicles are charged to the budget at the time of purchase; the value at cost of items still held at 31 December 1973 was SwF 1,776,524.
- (3) Stocks of publications, for sale and free distribution, were held.

(Signed)

Olivier Long
Director-General

(Signed)

J. Tassin
Director
Administrative and Financial Division

Schedule A

GENERAL AGREEMENT ON TARIFFS AND TRADE

GENERAL FUND

Investments held on 31 December 1973

(in Swiss francs)

SwF	500,000	15%	Deposit account with Lloyds and Bolsa International Bank, Ltd., Geneva, due 15 January 1974
SwF	<u>1,800,000</u>	6 5/8%	Deposit account with Kleinwort and Benson Ltd., London, due 13 March 1974
SwF	<u>2,300,000</u> =====		

Schedule B

GENERAL AGREEMENT ON TARIFFS AND TRADE

WORKING CAPITAL FUND

Investments held on 31 December 1973

(in Swiss francs)

SwF	400,000	6 1/2%	Deposit account with Lloyds and Bolsa International Bank, Ltd., Geneva, due 15 January 1974
SwF	400,000	6 3/8%	Deposit account with Kleinwort and Benson Ltd., London, due 21 January 1974
SwF	202,833	5 3/16%	Deposit account with Kleinwort and Benson Ltd., London, due 23 January 1974
SwF	255,262	6 1/2%	Deposit account with Lloyds and Bolsa International Bank, Ltd., Geneva, due 15 February 1974
SwF	200,000	5 1/8%	Deposit account with Kleinwort and Benson Ltd., London, due 26 February 1974
SwF	<u>1,458,095</u>		

Schedule CGENERAL AGREEMENT ON TARIFFS AND TRADEOutstanding Contributions as at 31 December 1973

Countries	US dollars					Total 1963/1972	Swiss Francs 1973
	1963/69	1970	1971	1972			
Argentina							38,600
Bangladesh				270	270		25,500
Burundi				5,330	5,330		25,500
Central African Republic				5,330	5,330		25,500
Chad	(1969) 3,810	4,170	4,580	5,330	17,890		25,500
Chile				920	920		74,400
Congo			4,580	5,330	9,910		25,500
Dominican Republic	(1966) 2,421 (1967) 9,000 (1968) 3,790 (1969) 3,810						
France		19,021	4,170	4,580	5,330	33,101	25,500
Gabon							6,948
Gambia							6,610
Ghana							1,474
Greece							14,181
Haiti	(1963) 2,492 (1964) 2,500 (1965) 2,500 (1966) 2,500 (1967) 3,000 (1968) 3,790 (1969) 3,810						962
Indonesia		20,592	4,170	4,580	5,330	34,672	25,500
Italy							8,453
Khmer Republic					119	119	137,051
Korea							25,500
Madagascar							112,700
Mauritania							2,068
Nicaragua	(1969) 955	4,170	4,580	5,330	15,035		19,555
Niger							25,500
Peru		8,771	13,750	13,780	36,301		1,720
Philippines							59,600
Rhodesia	(1966) 11,640 (1967) 9,000 (1968) 6,630 (1969) 5,710						5,624
Rwanda		32,980	5,220	4,970	5,780	48,950	25,500
Senegal				3,790	5,330	9,120	25,500
Tunisia							4,135
Upper Volta							1,676
Uruguay			875	4,580	5,330	10,785	2,110
Zaire							25,500
							38,568
	77,358	31,546	49,990	68,839	227,733		842,435
	US\$ 227,733 at the rate of SwF 3.20 to US\$1						728,744
							1,571,179

REPORT OF THE EXTERNAL AUDITOR ON THE ACCOUNTS
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE
FOR THE YEAR ENDED 31 DECEMBER 1973

General

1. In accordance with the decisions of the CONTRACTING PARTIES, the Financial Regulations and Rules of the United Nations are, as far as appropriate and for the time being, applied to the financial administration of the secretariat of the General Agreement on Tariffs and Trade. My examination has been carried out in accordance with those regulations and rules and with the financial Resolutions and Decisions of the CONTRACTING PARTIES.

Effects of change in currency of account

2. I recorded in paragraph 7 of my report on the 1972 accounts that the CONTRACTING PARTIES had decided that, with effect from 1 January 1973, the budget should be expressed and the contributions assessed in Swiss francs instead of in US dollars. The 1973 accounts have accordingly been presented in Swiss francs and the US dollar balances, brought forward on 1 January 1973 from the 1972 accounts, were converted into Swiss francs at the then current United Nations accounting exchange rate of 3.80 Swiss francs to the US dollar.

3. The principal of the Working Capital Fund was re-defined in Swiss francs at 1 January 1973 after conversion at the 3.80 rate, and the small amounts of outstanding advances due to the Fund from contracting parties, which were originally assessed in US dollars, are being treated for accounting purposes as being receivable in Swiss francs at 3.80 to the US dollar.

4. The outstanding contributions due to the General Fund for periods up to 31 December 1972, which were also originally assessed in US dollars, are however being treated as US dollar assets subject to revaluation with changes in the Swiss franc/US dollar exchange rate used for UN accounting purposes. The resultant losses in value during 1973 have been netted against profits on exchange, which are accounted for as miscellaneous income.

5. The contributions outstanding at 31 December 1972 were US\$355,626, and these were converted at 3.80 Swiss francs to the US dollar and brought into the 1973 accounts at SwF 1,351,379. The contributions outstanding at 31 December 1973 (Schedule C) consisted of US\$227,733 in respect of periods up to 31 December 1972, which represented SwF 728,744 at the UN exchange rate of 3.20 Swiss francs to the US dollar ruling at 31 December 1973, and SwF 842,435 in respect of 1973, giving a total amount of SwF 1,571,179.

This was SwF 219,800 more than the amount outstanding at 31 December 1972 and the balancing provision made in the Assets and Liabilities Statement (Statement 3) against the possible non-receipt of outstanding contributions was adjusted by transferring SwF 213,376 from the provision to miscellaneous income as a profit on exchange reflecting revaluation of the contributions outstanding at 31 December 1972 from 3.80 to 3.20 Swiss francs to the US dollar; and by transferring SwF 433,176 to the provision from the surplus for the year to provide for the increase in the amount of outstanding contributions during 1973.

Outturn in 1973

6. Appropriations authorized by the CONTRACTING PARTIES for 1973 were SwF 21,527,000, to be financed by contributions of SwF 21,261,000 and estimated miscellaneous income of SwF 266,000. Total expenditure amounted to SwF 19,704,183 (Statement 2), leaving an unobligated balance of appropriations of SwF 1,822,817. There was excess expenditure of SwF 76,696 under Sections 3 and 5 of Part II of the budget, which was met by authorized transfers from savings under Section 1 of Part II without the need to draw upon the provision for unforeseen expenditure under Part III.

7. Additional contributions totalling SwF 246,280 were assessed on three new contracting parties after the adoption of the scale of contributions for 1973. The actual miscellaneous income for the year was SwF 561,923, which included the profits and losses on exchange referred to in paragraphs 4 and 5 above, and exceeded the estimate by SwF 295,923. This additional income, together with the unobligated balance of appropriations, resulted in a total excess of income over expenditure for the year of SwF 2,365,020 (Statement 1). This was transferred to the Surplus Account (Statement 3) and after increasing the provision for contributions in arrears by SwF 433,176 as mentioned in paragraph 5 above, repaying SwF 149,116 to the Working Capital Fund as directed by the CONTRACTING PARTIES in reimbursement of the drawing of US\$46,599 from the Fund in 1972, and writing-off irrecoverable debts of SwF 196, a disposable surplus of SwF 1,782,532 remained. In accordance with the decisions of the Council this amount has been appropriated towards 1974 income and to a building renovation fund, as detailed in paragraph 18 of the Director-General's Financial Report.

International Trade Centre UNCTAD/GATT

(i) Transfer of management responsibility

8. During 1973 administrative responsibility for the International Trade Centre UNCTAD/GATT passed from GATT to the UN Office in Geneva and to the Centre itself. The transfer was to take effect from 1 January 1973 and the Centre's accounts prepared by the UN office in Geneva from that date. Therefore I relinquished to the UN Board of Auditors my responsibility for the audit of the Centre's accounts subsequent to 31 December 1972.

9. In the event the transfer of management responsibility was not finally effected until 1 March 1973 and GATT continued to exercise financial control of the Centre's funds, including the acceptance of receipts and the certification and approval of expenditure, during January and February 1973. At 28 February 1973 GATT held, on behalf of the Centre, cash balances of SwF 315,600.06 and US\$148,074.31, and bank deposits of US\$2,529,406.11. They transferred these amounts to the UN Office in Geneva in March 1973 together with details of the transactions they had handled on the Centre's behalf during January and February for incorporation into the Centre's accounts for 1973. The responsibility of the Director-General of GATT for the financial control of the Centre's funds was thus finally discharged.

(ii) Provisions of supporting services

10. Before responsibility for the Centre's management was transferred a number of staff, paid from the GATT budget, had been employed, full-time or part-time, on work in support of the Centre's activities. Some of the posts which they had occupied had been upgraded, with the approval of the Committee on Budget, Finance and Administration, wholly or partly because the staff had been required to assume additional responsibilities arising from their work for the Centre. Until 1971 GATT had provided these services free of charge, but in 1972 they charged the Centre for the time spent, which they assessed as equivalent to that of 17 full-time staff. From 1 January 1973 GATT re-arranged the duties of their staff employed on work in support of the Centre's activities to enable 17 staff to be transferred full-time to the Centre's manning table and paid directly from the Centre's budget.

11. In April 1974 I asked the Secretariat whether any staff members on GATT's manning table had provided supporting services for the Centre during 1973 and, if so, whether the costs of doing so would be recovered from the Centre. I was informed that, as GATT was still jointly responsible with UNCTAD for the operation of the Centre, senior staff members continued to exercise certain policy responsibilities for which no reimbursement of costs had been claimed. GATT and the Centre had pooled their translation and typing services. Some of the staff performing these services were provided and paid for by the Centre and there was machinery for obtaining compensation from the Centre if the work done for it exceeded the capacity of the staff it had provided. However, the supervisory staff for these services were provided and paid for by GATT without charge because GATT, as well as the Centre, benefited from the greater efficiency and ability to cope with peak workloads made possible by pooling resources.

12. I also asked the Secretariat whether they had reviewed the grading of those posts still in the GATT manning table which had been upgraded because they had carried additional responsibilities arising from work

for the Centre. I was informed that each GATT post was re-assessed during the normal annual grading review and that in no case had it been found necessary to restore any of the upgraded posts to their original level. In most cases the work which had been transferred to Centre staff members under the re-arrangement of duties on 1 January 1973 had been replaced by work for GATT carrying an equal level of responsibility, and additional responsibilities had also arisen at about the same time from preparatory work for the multilateral trade negotiations. Moreover, because of the limited promotion possibilities which the small size of its staff allowed, GATT tended when reviewing staff gradings to apply a "rank-in-man" promotion system, which took into account qualifications and other personal considerations as well as the job evaluation and grading which formed the basis of a "rank-in-post" promotion system.

Losses

13. I have examined the writes-off of irrecoverable debts totalling SwF 2,381 referred to in paragraphs 16 and 18 of the Director-General's Financial Report. I have no comment to make on them.

Supplies, equipment and stock records

14. Test examinations of the supplies, equipment and stock records maintained by the Organization have been carried out by my officers with satisfactory results.

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

(Signed)

D. P. Pitblado
(Comptroller and Auditor General,
United Kingdom)
External Auditor

8 August 1974