In accordance with its terms of reference the Working Party considered
the report on the Audit of the 1958 Accounts (L/1046), the Report by the
Executive Secretary on the Financing of the 1959 Budget (L/1069), the Budget
Estimates for 1960 (L/1025), together with the proposals concerning the
Income Budget for 1960 (L/1025/Add.1). The Working Party also considered
the proposal by the Executive Secretary concerning the inclusion in the 1960
Budget of a credit covering possible expenditure on special sessions of the
CONTRACTING PARTIES and other unscheduled meetings of committees and working
groups (W.15/3). Finally the Working Party considered a proposal made by
the Executive Secretary in regard to home leave travel procedures (W.15/29).

The Working Party examined the Report on the Audit of the Accounts for
1958 (L/1046). The Working Party noted with satisfaction that the actual
expenditure had remained within the budget appropriations and that it had
even proved possible to effect some savings which the CONTRACTING PARTIES
at the fourteenth session authorized the Executive Secretary to apply towards
Part II of the 1959 Budget in order to cover excess expenditure (L/997).
The Working Party further noted the remark made by the Auditor in regard to
the absence of specific regulations governing the budgetary treatment of
advances from the Working Capital Fund. The Working Party was informed by
the Executive Secretary that this matter was to have been covered in the
financial regulations which the Executive Secretary originally had intended to
submit to the CONTRACTING PARTIES at the current session. Pending the
establishment of formal regulations the Executive Secretary proposed to
consult the External Auditor on the matter and to submit provisional rules
on the subject raised by the Auditor to the CONTRACTING PARTIES at a
subsequent session. The Working Party recommends that this question be
further examined at a subsequent session of the CONTRACTING PARTIES in
accordance with the above proposal by the Executive Secretary and in the
light of organizational studies which are to take place during the sixteenth
session of the CONTRACTING PARTIES.

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3. The Working Party recommends that the CONTRACTING PARTIES approve the audited accounts for 1958.

4. A decision was taken by the CONTRACTING PARTIES at the fourteenth session that an external auditor should be appointed from the Joint Panel of Auditors of the United Nations and specialized agencies (L/997). The Executive Secretary has proposed the appointment of Sir Edmund Compton, Controller and Auditor-General of the United Kingdom and at present Chairman of the Panel referred to above.

5. The Working Party recommends that the CONTRACTING PARTIES approve the appointment of Sir Edmund Compton as External Auditor.

6. The Working Party further recommends that the CONTRACTING PARTIES convey their thanks to the Secretary-General of the United Nations for the valuable assistance given to the CONTRACTING PARTIES over the last eight years by the Internal Audit Service of the United Nations.

II. REPORT ON THE FINANCING OF THE 1959 BUDGET

7. The Working Party examined the financial administration of the secretariat on the basis of expenditure during the first nine months of 1959 and other data contained in the Executive Secretary's report. The Working Party noted that as a result of the heavy work programme and the numerous meetings of the Committees on Expansion of Trade, expenditure on some budget items, and in particular on recruitment of temporary staff and reproduction and distribution of documents, will considerably exceed the original estimates. The Working Party further noted that in the present circumstances the Executive Secretary no longer considers it possible to determine with a reasonable degree of accuracy, at the time the document on the financing of the current budget is prepared, the expenditure for the remainder of the year, or the amount of unliquidated obligations incurred. Neither does the Executive Secretary consider it possible to estimate in how far excess expenditure on certain budget items could be compensated by savings within sections or transfers between sections. In the circumstances any attempt at forecasting final and accurate figures concerning the total expenditure over the full year might tend to be more misleading than helpful.
Working Party therefore recommends that any savings accrued at the end of the financial year be reported to the next regular session of the CONTRACTING PARTIES, together with the Executive Secretary's proposals for disposal of such savings. Any transfers between sections of the budget necessitated to compensate excess expenditure on certain items, will be reported at the same time together with any withdrawals from the Working Capital Fund made under (b) and (c) of paragraph 5 of the Resolution of 17 November 1956 in respect of a preceding financial year.

8. The Executive Secretary informed the Working Party that all arrears of contributions of present contracting parties have now been received. As regards the contributions for 1959 the Working Party noted that since the beginning of the session the contribution from Nicaragua has been remitted to the secretariat, whilst Belgium had indicated that the balance of its 1959 contribution will be paid in January 1960. No indication has so far been received from Chile, Cuba, Haiti, Turkey and Uruguay. The Working Party noted that whilst the great majority of contracting parties pay their contributions promptly within a short period after they have been notified, a number of countries have so far been unable to follow the recommendations made by the CONTRACTING PARTIES at previous sessions that contributions be remitted during the first quarter of the year. In view of the anticipated increased use of the Working Capital Fund the Working Party recommends that the CONTRACTING PARTIES make every effort promptly to pay their contributions in order to avoid the necessity for withdrawals from the Working Capital Fund pending the receipt of contributions and in general to facilitate the financial management of the secretariat.

III. ESTIMATES OF EXPENDITURE FOR 1960

9. The Working Party examined the Budget Estimates for 1960 on the basis of the Note by the Executive Secretary (L/1025). The Working Party further examined the supplementary estimates on the basis of which the original estimates contained in document L/1025 were revised (details of the supplementary estimates are to be found in the Note by the Secretariat annexed to this Report - Annex I).

10. The revised estimates take account of the programme of meetings for 1960 as adopted by the CONTRACTING PARTIES at the current session. They
also include provision for an additional professional post in the Trade Policy Division and for an increase in the item for Reproduction and Distribution of Documents.

11. The Working Party recommends to the CONTRACTING PARTIES that the revised estimates amounting to $677,610 be approved.

IV. INCOME BUDGET FOR 1960

12. The Working Party examined proposals by the Executive Secretary concerning the Income Budget (L/1025/Add.1) and agreed to the suggestion made concerning the disposal of the unappropriated surplus at 31 December 1958. It noted that in the unlikely event of any savings accruing at the end of 1959, these would be reported to the sixteenth session together with proposals concerning the disposal thereof. It further noted that the Income Budget does not include provision for reimbursement of withdrawals from the Working Capital Fund made, or still to be made, under (b) and (c) of the Resolution of 17 November 1956 in respect of the 1959 financial year and that such reimbursement will be provided for in the 1961 Income Budget.

13. The Working Party recommends to the CONTRACTING PARTIES that they approve the proposals made for the Income Budget for 1960 and that the Budget for 1960 as revised be financed as follows:

<table>
<thead>
<tr>
<th>Income Budget 1960</th>
<th>US Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Contributions</td>
<td>664,610.00</td>
</tr>
<tr>
<td>2. Miscellaneous Income</td>
<td>13,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>677,610.00</td>
</tr>
</tbody>
</table>

V. PROPOSAL BY THE EXECUTIVE SECRETARY CONCERNING THE INCLUSION IN THE BUDGET OF A LUMP SUM CREDIT COVERING POSSIBLE EXPENDITURE ON SPECIAL SESSIONS AND UNSCHEDULED MEETINGS OF COMMITTEES AND WORKING GROUPS (W.15/3)

14. The Working Party devoted considerable time to the discussion on this subject. It recognized the need to put at the Executive Secretary's disposal sufficient funds to finance activities decided upon by the CONTRACTING PARTIES either at the time the Budget was adopted or later during the financial year. However, opinions differed in regard to the most suitable method of financing additional activities agreed on after the Budget had been adopted.
15. In the light of the discussion the Executive Secretary decided to withdraw the proposal contained in document W.15/3, provided agreement could be reached on the following points:

(1) The CONTRACTING PARTIES should carefully budget for all activities which can reasonably be foreseen.

(2) The level of the Working Capital Fund should not be diminished.

(3) The CONTRACTING PARTIES confirm that, for the time being, the use of the Working Capital Fund is the appropriate method for covering the type of expenditure referred to in document W.15/3.

(4) The CONTRACTING PARTIES should not decide upon additional activities at the Spring session or at any other time during the financial year unless funds are available in the Budget, in the Working Capital Fund or elsewhere, to cover such activities.

(5) That the position be reviewed at the seventeenth session of the CONTRACTING PARTIES.

16. The Working Party recommends that the CONTRACTING PARTIES endorse the suggestions in the preceding paragraph.

VI. SCALE OF CONTRIBUTIONS

17. The Working Party recommends to the CONTRACTING PARTIES that they approve the scale of contributions for 1960 based on the foreign trade figures of the last three available years (1956, 1957 and 1958) as reproduced in Annex C to the draft Resolution. This scale includes a contribution from Yugoslavia on the assumption that the accession of this country will have become effective by 1960. The amount of the advance payable by Yugoslavia to the Working Capital Fund will be determined in accordance with the rules governing such advances.
VII. ADMINISTRATIVE QUESTIONS

18. The Working Party examined a proposal by the Executive Secretary aimed at the simplification of the present complicated administrative procedure in regard to home leave travel arrangements and payment of subsistence allowance and incidental expenses during home leave journeys (W.15/29). The Working Party was satisfied that the proposal was basically sound and would not result in additional expenditure to the budget. The Working Party recommends to the CONTRACTING PARTIES that the Executive Secretary's proposal be approved.

VIII. AUDIT OF THE 1959 ACCOUNTS

19. The Working Party noted that the Executive Secretary intends to make the necessary arrangements with the External Auditor, after his appointment has been approved by the CONTRACTING PARTIES, for the auditing of the 1959 and 1960 accounts, and for submission to the CONTRACTING PARTIES of the audited report in accordance with the decision taken by the CONTRACTING PARTIES in 1951.

IX. CONCLUSIONS

20. The Working Party submits to the CONTRACTING PARTIES for consideration and approval a draft resolution on the expenditure of the CONTRACTING PARTIES and the ways and means to meet such expenditure.

Points for Decision:
ANNEX I

NOTE BY THE EXECUTIVE SECRETARY ON THE REVISED ESTIMATES
FOR THE FINANCIAL YEAR 1960

1. It is proposed that the estimates of expenditure contained in
document L/1025 be revised as per Annex A and Annex B.

2. The following appropriations have been increased:

(a) Part I, Section 2 - Intersessional Meetings - $15,600.-
(original estimate $13,030.-).
The increase takes account of the revised programme of meetings
for 1960 as adopted by the CONTRACTING PARTIES at the current session.

(b) Part II, Section 1 - Salaries and Wages and Official Travel - $395,350.-
(original estimate $309,000.-)
and
Part II, Section 2 - Common Staff Costs - $112,800.-
(original estimate $109,300.-). The increase in the above estimates(b)
results from the addition of one professional post to the Trade
Policy Division.

(c) Part II, Section 3 - Common Services - $77,460.- (original estimate
$75,460.-) resulting from an anticipated increase in the cost of
reproduction and distribution of documents.