

Com on Fin. Control 1943
CFC (43) 1-6

S-0521-0030-0001

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
COMMITTEE ON FINANCIAL CONTROL

AGENDA

First Meeting

Tuesday, November 30, 1943 - 4 P.M.

In accordance with Article II of Annex I of the Rules of Procedure, the Director General will preside until a Chairman of the Committee is elected and will then surrender the Chair.

1. Election of a Chairman of the Committee
2. Adoption of the Agenda
3. Election of two Vice Chairmen
4. Discussion of staff to serve the Committee
5. Discussion of immediate contributions to meet administrative expense
6. Discussion of immediate contributions to meet operating expense
7. Other business
8. Discussion of the next meeting of the Committee
9. Adjournment

Committee on Financial Control
Minutes/1

CFC(43)2
30 November 1943
CONFIDENTIAL

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

COMMITTEE ON FINANCIAL CONTROL

Minutes of the First Meeting
4:10 p.m., 30 November 1943

The first meeting of the Committee on Financial Control was held on 30 November, 1943, at 4:10 p.m. The Director General, Herbert H. Lehman, presided, pursuant to the rules of the Council governing standing committees.

The following were present:

CHINA
GREECE
MEXICO
NORWAY
SOUTH AFRICA
UNION OF SOVIET
SOCIALIST REPUBLICS
UNITED KINGDOM
UNITED STATES OF
AMERICA

Tingfu F. Tsiang
Kyriakos Varvareosos
Rafael de la Colina
Anders Frihagen
A. T. Brennan

Vasili Alexseevich Sergeev
Col. John J. Llewellyn

Dean Acheson

The Member from the United States was nominated as Chairman of the Committee, and there being no other nominations, he was duly elected.

Mr. Acheson, the United States Member, took the Chair.

The agenda which was before the Committee was adopted.

The Member from South Africa was nominated as the First Vice Chairman, and the Member from Greece as the Second Vice Chairman. There being no other nominations, they were unanimously elected.

A. T. Brennan (Union of South Africa) expressed his appreciation for the selection of the representative of his Government to this office.

Kyriakos Varvaressos (Greece) also thanked the Committee and expressed his appreciation for the selection of the representative of his Government to this office.

The matter of a staff to serve the Committee was left for discussion until the next meeting.

There was discussion of the problem of immediate contributions for administrative expenses. The Committee recognized that the initiation of the work of the Administration was dependent upon funds for administration, and a resolution was adopted, for circulation among the member governments, requesting that, if possible, they make their contributions for administrative expenses immediately, and otherwise consider whether they might not make an advance against their administrative contribution. Some of the representatives present expressed the opinion that their governments were ready to make their contributions within the next few days.

It was agreed that the next meeting of the Committee should be held in Washington on December 20, 1943, and that the governments should be requested to report before then what they were able to do with respect to administrative contributions.

There being no further business, the meeting adjourned.

R E S T R I C T E D

Committee on Financial Report
Agenda/2

CFC(43)3
December 1943

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

COMMITTEE ON FINANCIAL CONTROL

AGENDA

Second Meeting

2:30 p.m., December 20, 1943
Room A, U. S. Chamber of Commerce Building
1615 H Street, N. W.
Washington, D. C.

- I. Call to Order; Attendance Record; Adoption of Agenda
- II. Report from the Director General on replies received from Member Countries to the request for contributions of administrative expenses
- III. Consideration of the proposed accounting system for UNRRA
- IV. Consideration of the nomination of an Auditor
- V. Consideration from the point of view of the individual Member Nations of the personnel policies of the Administration as they affect finance - salary scales and related matters
- VI. Staff requirements of the Committee
- VII. Other business
- VIII. Time and place of next meeting
- IX. Adjournment

U. N. R. R. A.

PLAN OF ACCOUNTING (Second Draft)

INDEX

Description of Plan

General	1-2
Classification of Revenues	2-3
Classification of Expenditures	4-6
Basic Accounting Records and Forms	6
Outline of Plan for Accounting	6-10
Accounting for Cash Advances	10-12
Inter-Country Shipments	12-14
General Ledger Accounts	14-15
Flow of Documents to Accounting	
Control Offices	15-16
Currency Conversion	16-18
Loss and Damage	19
Appropriation Accounting	19-20
Accounting for Commodities Dis-	
tributed	20

Schedules

A - Classification of Revenues	21-22
B - Classification of Expenditures	23-26
C - Basic Accounting Records and Forms	27-28

Illustrative Forms

L - Special Ledgers	29-33
J - Special Journals	34-39
PAF - Primary Accounting Forms	40-43
FR - Financial Reports	44-50
BOR - Branch Office Reports	50-55

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

COMMITTEE ON FINANCIAL CONTROL

PLAN OF ACCOUNTING (Second Draft)

I. General

1. The plan of accounting herein described is designed to accomplish the following objectives:

a. To provide a detailed, classified record of revenues (including commodities and services) and expenditures within each country.

b. To provide a detailed record of cash receipts and disbursements within each country.

c. To provide a classified record of the assets, liabilities, expenditures, revenues, reserves and available working capital of the Administration, as a whole and by countries.

d. To provide a record of the commitments of member countries and of the contributions of cash, commodities and services applicable thereto.

e. To provide a record of the commodities delivered to, and distributed or sold within, each recipient country, and of the services rendered within each such country, by appropriate classifications or purposes.

f. To supply the Director General with the financial information required for reporting to the Council and its Committees, and for the proper administration of activities.

g. To establish such accounting controls over the transactions of the Administration as will provide satisfactory safeguards over the receipt, custody and expenditure of its resources.

h. To provide a basis for adequate budgetary control over expenditures of the Administration, and for program controls over the distribution of commodities.

- 2 -

2. The term "accounting control office" as hereinafter used means either the headquarters office or such regional offices as may be established to record, control, consolidate and report on transactions within separate groups of countries.

3. The formal accounts of the Administration will include only cash, commodities, supplies and other assets contributed for the work of the Administration. Expenditures for relief and rehabilitation purposes not made from contributions to or for the work of the Administration will be compiled, insofar as possible, by reports.

4. When a country makes an appropriation of cash in behalf of the Administration but provides that expenditures therefrom shall be under its governmental control, and that the commodities or other supplies or services so procured shall be contributed to the Administration, such contributions will be will be accounted for as contributions of commodities, supplies or services. In such cases, a memorandum record of the amounts appropriated or allotted and of the requests of the Administration for expenditures therefrom will be maintained by U. N. R. R. A.

5. For reporting, accounting control and other purposes, it is necessary that the transactions of the Administration in the monetary units of the countries involved shall be translated into terms of one currency. Since the most numerous financial transactions will be initially recorded in terms of the U.S. dollar, it is recommended that on the records of account, the transactions shall first be recorded in the respective local currencies and then, to the extent necessary, in terms of the U.S. dollar. The reports can then be translated into terms of other monetary units, as desired.

6. The plan of accounting, and the records and forms described herein are primarily for accounting control offices. In the individual countries only such records will be maintained as are required in order to supply accounting control offices with the Branch Office reports provided for. All such accounting must however conform to the classifications of revenues and expenditures prescribed, and to the Accounting Regulations of the Administration.

II. Classification of Revenues

The plan for classifying revenues of U. N. R. R. A. is attached hereto as Schedule A. By reference thereto, it will be noted that three main categories of classification are proposed, as follows:

- 3 -

1. By country
2. By source
3. By form

The dominating classification is, of course, the one by country. This involves that all revenues from whatever source and whatever their nature, will first be compiled with respect to the country in which the revenues originate. This applies both to contributions of governments and of private individuals and agencies; as well as to proceeds of sales of goods, etc. In an international organization, such as U. N. R. R. A., the necessity for this is obvious.

For purposes of convenience in coding, certain sub-classes have been established under the "country" category, as follows:

Member Countries
Non-Member Neutrals
Enemy Countries

In addition, a fourth sub-class "International" has been proposed for any contributions from organizations, such as the International Red Cross, which cannot be allocated to a specific country. This sub-class obviously constitutes an exception to the general principle that revenues shall be credited in every instance to the country in which they originate, irrespective of their source or character. However, the sub-class is tentatively proposed to meet a situation where the crediting to one country of the contribution of an international agency might result in an undue credit to that country. Where that situation does not arise - where, for example - the contributions of an international agency can be equitably credited to the respective countries of origin, the sub-class will not be used. Under any circumstance, in each and every case the records of U. N. R. R. A. will reflect the amount of contributions from each such "international" organization, as well as from other donors.

Under the plan, an accounting record (Form No. L 4, Revenue Ledger) will be maintained for each country by the accounting control offices, showing both in terms of local currency and the U. S. dollar equivalent, all U. N. R. R. A. revenues originating therein, classified by source and by form. This record will be controlled by independently compiled general ledger revenue accounts, as hereinafter explained.

The codes in the classification plan are for use in either tabulating machine, bookkeeping machine, or manual accounting; or for any combination of the three methods.

- 4 -

III. Classification of Expenditures

The plan for the classification of expenditures is attached hereto as Schedule B. Four main categories of classification are proposed as follows:

1. By Country
2. By Character
3. By Organization Unit or Project
4. By Object

The reasons for the dominating classification by country are the same as those advanced with respect to the Classification of Revenues. The identifying code assigned to each country should be the same as the code under the Revenue Classification Plan, as it would be confusing to identify a country with one code for revenue purposes and another code for expenditure purposes. This, however, brings up the question of how the recipient countries should be classified. Some of these may be member countries; others, non-member neutrals; and others, enemy countries. Thus, the classification for revenue purposes may cut across the desirable distinction between recipient countries and other countries for expenditure purposes. Since an account must be kept with each country in any instance, both for revenues and expenditure purposes, the question is not one of primary importance. It is mentioned only so that recipient countries will be grouped together in a separate code range when assigning codes under the various revenue sub-classes.

Under the classification plan, expenditures within each country will first be classified by character as follows:

1. Administrative Expense, to include all expenditures for the administration of relief measures.
2. Relief and Rehabilitation Services for health and welfare work; repatriation of refugees; and other similar measures.
3. Transportation and Warehousing, to include all expenditures directly incurred in connection with the shipping, warehousing and handling of commodities by U. N. R. R. A. The purpose of this category of expenditure is to compile those costs in one control account for redistribution to liberated areas on some predetermined basis.
4. Commodities (Acquired), to include the cost or value of all commodities purchased, contributed or otherwise acquired by U. N. R. R. A.

- 5 -

5. Commodities Distributed. This category is established only in order to segregate those transactions in commodities by which they are finally disposed of within a recipient country.

6. Commodities (Inter-Country Transfers). This category is established only in order to segregate movements of commodities from one country to another country, including shipments to recipient countries.

Under each of the six "character" categories, expenditures will be classified by the organization unit or project for which the expenditure has been incurred; and finally by object.

Seven leading object classifications are established for expenditures, other than for commodities, as follows:

- 00 Personal Services
- 10 Travel and Subsistence Expense
- 20 Communication
- 30 General Supplies and Materials
- 40 General Equipment
- 50 Other Contractual Services
- 90 Fixed Charges

The main object classifications proposed for commodities are:

- 0000 Food
- 1000 Clothing and Textiles
- 2000 Medical and Sanitation Supplies
and Equipment
- 3000 Fuel
- 4000 Shelter; Materials, Supplies, and Equipment
- 5000 Agriculture; Materials, Supplies and Equipment
- 6000 Other Materials and Supplies
- 7000 Other Equipment

It is recognized that the division "Shelter; Materials, Supplies and Equipment" (and to a lesser extent that of "Agriculture; Materials, Supplies and Equipment") reflects to a certain degree, a "purpose" rather than an "object" classification; and hence may give rise to difficulties in classifying certain commodities (e.g. hand tools) that could be used for shelter as well as for other purposes. However, similar difficulties pertain to the establishment of any broad classifications of commodities; and it is believed that since "shelter" has been stated as one of the primary classes of relief supplies which U. N. R. R. A. is to furnish, recognition should be given to it in the plan of expenditure classification.

- 6 -

In the Commodity Ledger (L 5) and the Expense Ledger (L 6) hereinafter referred to, the classification of expenditures by object would not reach beyond the objective sub-classes established by Schedule B attached. However, in the Detailed Record of Commodities Acquired (MR 2) which would probably be produced by tabulating machines, the analysis should reach to the specific kinds of commodities purchased; and codes for such should be developed under the objective sub-classes of Schedule B attached.

As in the case of the Revenue Classification Plan, the identifying codes proposed are suitable for use in either tabulating machine, bookkeeping machine, or manual accounting; or for any combination of these three methods.

IV. Basic Accounting Records and Forms

Attached hereto as Schedule C is a list of the basic accounting records and forms that will be required by each accounting control office; and also, with such contractions as the volume of transactions warrants, by large supply countries and by recipient countries. The records are classified as follows:

L	Ledgers
J	Journals
MR	Miscellaneous Records
PAF	Primary Accounting Forms
SAF	Secondary Accounting Forms
FR	Financial Reports
BOR	Branch Office Reports

Specimen forms of special ledgers, journals, and financial reports, and also of certain of the primary accounting forms (such as PAF 6, Inter-Country Shipment Invoice, etc.) are also attached. Like the classification codes, these forms have been designed for use in either tabulating machine, bookkeeping machine, or manual accounting; or for any selected combination of the three methods. In general, it is tentatively recommended that at least the main control ledgers (L 1 to L 5 inclusive) and the journals be kept either on bookkeeping machines or manually. Tabulating machines should be considered for ledgers L 6, L 7 and L 8 and for MR 1, Detailed Record of Commodities Acquired.

V. Outline of Plan of Accounting

The plan of accounting, in general, is as follows:

1. Control accounts will be maintained by each accounting control office in the general ledger only in terms of the U. S. dollar equivalent of local currencies. Monthly postings to these accounts will be made

- 7 -

from the General and Special Journals provided for. Entries of current transactions as reported to the accounting control office will be entered on these journals in both local currencies and U. S. dollar equivalent from the primary accounting forms listed on Schedule C. The purpose of the journals is thus (a) to provide a current, detailed record of fiscal general ledger account requirements. For a list of the control accounts to be maintained, refer to section VIII, General Ledger Accounts.

2. The accounts maintained in the general ledger will control the various subsidiary ledgers (L 2 to L 8 inclusive) provided for. These subsidiary ledgers will record receipts, expenditures, etc., both in terms of the local currency involved and the United States dollar equivalent, and thus will provide a continuous, controlled, classified record of transactions with respect to each country, in the manner provided by the forms. The subsidiary ledgers (U.S. dollar equivalent columns) will be reconciled monthly with the corresponding general ledger control accounts. In conformity with usual commercial accounting practice, postings to the subsidiary ledgers will be made from the primary accounting forms, rather than from the journals.

3. Subsidiary ledgers L 2 to L 6 inclusive will be checked monthly against the covering Branch Office Reports which, in turn, will be based on records maintained in the reporting countries. In this way the accounting office controls will be extended to these branch office records and the whole system of accounts will be interlocked.

4. The bank account records (L 2, Bank Ledger) of the accounting control offices will be kept by the treasurer (or his regional delegate), who will receive in the first instance the Advices of Cash Deposits (Form PAF 2), and who will draw all checks or drafts on the basis of audited and approved Purchase Vouchers (PAF 7), or in lieu thereof Advice of Commodity Purchases - PAF 8; Travel Vouchers (PAF 9); Payrolls (PAF 10 and 11); and Cash Advance Authorizations (PAF 13), or where reimbursement checks for expenditures from cash advances are involved, Cash Advance Accountings (PAF 3). The treasurer (or his delegate) will keep in this ledger an account with each bank, in the manner provided by Form L 2. All receipts of U. N. R. R. A. will be required to be deposited in a bank; and all cash expenditures, excepting only expenditures made by disbursing agents or others from cash advances, will be made by check or draft drawn by the treasurer (or his delegate) on a bank; or, under procedures established, by drafts drawn by vendors on the Treasurer and accepted by him or his local representative. The U. S. dollar "balance" column of the bank accounts will be reconciled monthly with the general ledger cash account.

5. The procedures on the accounting for cash expenditure documents (Forms Nos. PAF 3, 7, 8, 9, 10, 11 and 13) by control accounting offices will be briefly as follows:

a. After audit (which operation will include any necessary currency conversions), the documents will be scheduled, and then routed to the Appropriation Ledger sections for entry and approval of sufficiency of appropriation. (Covering purchase orders and other obligating forms will previously have been entered. However, on some expenditures - e.g., cash advance authorizations; communication vouchers; etc. - the original proposal for or notice of the expenditure will be the voucher itself.) For **further** comments on the accounting for cash advances, see VI, Accounting for Cash Advances, below. For further comments on the relation of the Appropriation Ledgers to the other general accounting ledgers see XII, Appropriation Accounting, below.

b. After entry on the Appropriation Ledgers, the scheduled expenditure documents will be delivered to the general accounting department for entry on the Register of Audited Claims (J 3), or, in certain cases where reimbursement of expenditures from cash advances is involved, the Register of Cash Advance Accountings (J 4).

c. After entry on the journals, the scheduled cash expenditure documents will be delivered to the Treasurer (or his delegate) for payment. The Treasurer (or his delegate) will draw the checks or drafts in payment thereof and make the entries in the cash book (L 3), noting the check or draft number, and also the reference to the expenditure document paid.

d. After entry by the Treasurer, cash expenditure documents will be delivered to the subsidiary ledger sections for entry in the Cash Advance Ledger (L 3), the Commodity Ledger (L 5), or the Expense Ledger (L 6) as the case may be. The ledgers, as stated, will be balanced monthly with the appropriate general ledger account.

e. Monthly, the total of cash expenditures, as shown by J 3 and J 4 will be charged in the General Ledger to the appropriate accounts (Commodities Acquired; Administrative Expense; Relief and Rehabilitation Services; Transportation and Warehousing; or Cash Advances) and credited to Audited Claims Payable. Monthly, from the Monthly Abstract of Cash (MR 3) entry will be made charging Audited Claims Payable and Crediting Cash. If all schedules have cleared through the Treasurer, this entry will serve to cancel out Audited Claims Payable. Any difference, which would represent, of course, outstanding claims, must be exactly accounted for. Internal procedures to control the flow of documents for this and other monthly balancing purposes will be developed.

- 9 -

6. The procedures on the accounting for cash receipts by control accounting offices will be briefly as follows:

(a) All checks, drafts and other receipts of cash for deposit in U. S. banks will be received in the first instance by the Treasurer, who will make out an Advice of Cash Deposit (Form No. PAF 2) to cover, and enter the same in the Bank Ledger (L 2).

(b) All checks, drafts and other receipts of cash for deposit in foreign banks will be received by the representative abroad appointed by the Treasurer for this purpose, who will make out an Advice of Cash Deposit (PAF 2), deposit the receipts in the bank, cable the appropriate accounting control office notice of the deposit, and send to it under Regulations to be prescribed, the receipted original of PAF 2 stamped "confirmation." Upon receipt of the cable, the accounting control office will make entry of the deposit in ledger L 2, and make out an Advice of Cash Deposit (PAF 2) stamped "Cable Advice."

(c) Duplicates of Advices of Deposit will be forwarded to the Accounting department for entry on the Register of Cash Receipts (J 2), and the Revenue Ledger (L 4).

(d) Internal transfers of cash from one bank to another which do not affect the General Ledger cash accounts will be entered only on the Bank Ledger (L 2). No entry of these will be made on the Register of Cash Receipts (J 2) or the Revenue Ledger (L 4).

(e) Monthly, entries will be made from the Register of Cash Receipts to the General Ledger, charging Cash and crediting Commitments due and/or the various revenue control accounts in the General Ledger. For contributions of members applicable to commitments, as indicated by J 2, a second entry will be made charging Reserve for Commitments and crediting the revenue control accounts. These control accounts will be balanced monthly with the Revenue Ledger.

7. The procedures on the accounting for non-cash receipts by the control accounting offices will be briefly as follows:

(a) Upon receipt, the documents (Advice of Commodities Contributed — PAF 4 and Advice of Services Contributed — PAF 5) will be referred to the audit section for audit of prices, currency conversion, etc., just as if the services and goods were to be paid for by U. N. R. R. A.

- 10 -

(b) After audit, the documents will be handed to the Appropriation Ledger Section for entry; and thence to the general accounting section for entry on the Register of Non-Cash Receipts (J 5).

(c) The documents will then be routed to the subsidiary ledger section for entry on the Revenue Ledger (L 4), and the Commodity Ledger (L 5) or the Expense Ledger (L 6).

(d) Monthly, postings will be made from the Register of Non-Cash Receipts (J 5) crediting the various General Ledger revenue accounts and charging Commodities Acquired, Administrative Expense, Relief and Rehabilitation Services, and Transportation and Warehousing, as indicated.

(e) The procedures by which U. N. R. R. A. will secure the necessary accounting documents (PAF 4 and PAF 5 above referred to), will be developed as the conditions under which such contributions of supplies and services are to be made by the respective countries, have been established. It should, however, be particularly noted that it is imperative that U. N. R. R. A. obtain such forms, or their equivalent, when the commodities are delivered or the services rendered, in order to account for the transactions. The procedures referred to will also cover the records that should be maintained by U. N. R. R. A., prior to the receipt of commodities, in order that adequate control over its outstanding requests may be maintained.

8. The foregoing outline relates to the accounting plan for control accounting offices. Individual supply and recipient countries, whose volume of transactions requires the maintenance of an accounting office, will follow, under Regulations to be prescribed, the principles above formulated, to the extent required for the preparation of their reports to accounting control offices and for the rendition of Cash Advance Accountings (Form PAF 3).

VI. Accounting for Cash Advances

Since a considerable portion of the business of U. N. R. R. A. will undoubtedly have to be transacted by means of cash advances to disbursing agents, some further comments on this feature are necessary. The principal points, to be later developed into regulations, are as follows:

a. All cash advances to disbursing agents in the various countries will be made by the Treasurer (or his delegate in an accounting control office) on the basis of an approved Cash Advance Authorization (Form PAF 13). Increases of initial advances will be handled in the same manner as initial advances.

- 11 -

b. Advances to disbursing agents will be made through the branch accounting office, if any, to which the disbursing agent is attached; and all accountings thereunder (Form PAF 3) will be similarly routed for audit and recordings.

c. Each advance should be limited to one character of expenditure (Administrative Expense; Relief and Rehabilitation Services; Transportation and Warehousing; Commodities Acquired); should state the amounts allotted to the principal object classes thereunder (e.g. Personal Service; Travel Expense; Food; etc.); and should be so recorded and classified on the Cash Advance Ledger (L 3).

d. Each advance will be charged in the Appropriation Ledger to the appropriations or allotments involved; but on the general accounting records will be classified as a cash advance.

e. Standing advances should not be made for an amount in excess of that required to finance the expenditures involved during the period between the filing of the claim for reimbursement of expenditures made (i.e. Cash Advance - Accounting, Form PAF 3) and the receipt of the reimbursing check, plus estimated expenditures for one month.

f. All reimbursing checks for the replenishment of disbursing agents' funds will be issued by the accounting control office by which the original advance was made, on the basis of an audited Form PAF 3 as described below. (Note: Disbursing agents will be authorized to make sub-advances to others, under Regulations to be prescribed, which must be accounted for to the disbursing agent and by him to the control accounting office.)

g. Each claim for the reimbursement of expenditures made from a cash advance (excepting only expenditures from a standing travel advance) will be made on Form PAF 3, showing

Cash on Hand Account Rendered	_____	\$ _____
Received CHK. Nos. _____	date _____	\$ _____
Total to account for		\$ _____
<u>Expenditures</u>		
(Classified as per Regulations)		\$ _____
Cash on Hand		\$ _____
Reimbursing Check Requested		\$ _____

Reimbursing Check Authorized		\$ _____

- 12 -

Vouchers will be attached to the copy of PAF 3 submitted to the control office for reimbursement only as required by regulations. When the disbursing agent is attached to a branch accounting office, the audit of Form PAF 3 will usually be performed there, the vouchers detached, and an audited copy of Form PAF 3 sent to the control accounting office for issuance of the reimbursement checks.

h. Where the reimbursing check authorized to be issued is the same as the amount of the expenditures, the claim for reimbursement (Form PAF 3) will be treated in the same way as any other claim, and will be entered on the Register of Audited Vouchers in the same manner as any other voucher.

i. Where the reimbursing check authorized is greater than the amount of the expenditures, thereby increasing the amount of the advance, a Cash Advance Authorization (PAF 13) must be issued to cover the increased advance.

j. Where the reimbursing check authorized is less than the amount of the expenditures (or where no check is issued), thereby decreasing the amount of the advance, Form PAF 3 will be entered on the Register of Cash Advance Accountings (J 4), thereby crediting Cash Advances and charging the appropriate general ledger accounts. The new check, if any, issued will be treated as a new advance to the amount thereof, and should be issued on the basis of a new Cash Advance Authorization (Form PAF 13)

k. Where practicable, the information required by Form PAF 3 can be cabled by disbursing agents (or the branch official) to the accounting control office as required, so as to enable the entry of expenditures therefrom on the record, and to expedite the issuance of the reimbursing check. In such cases the cabled report should be confirmed at once by the mailing of Form PAF 3 stamped "Confirmation".

VII. Inter-Country Shipments

In the course of operations, commodities acquired within one country may be shipped direct to one or more recipient countries, or may be routed first to regional base warehouses maintained by the Administration and thence reshipped to recipient countries. Since one of the major objectives of the plan is to provide a classified record of commodities on hand in each country (or regional base warehouse) it will be necessary for the control accounting offices to take account of all these internal shipments of commodities. The proposed procedures to effect these objectives follow:

- 13 -

a. For reasons set forth in Section X, Currency Conversion, all accounting for commodities after they have been acquired by the Administration and prior to distribution, will be in terms of U. S. dollars only. (The acquisition itself, as previously explained, will be recorded both in terms of the local currency involved and the U. S. dollars.)

b. Each regional base warehouse will be treated on the records as a separate accounting entity. Unassigned "country" codes established by the Expenditure Classification Plan will be used to identify them. (Whenever practicable, operating responsibility for the shipment of all goods from a country in which a base warehouse is located should be consolidated, in order to avoid shipments from two sources. However, while desirable, this is not essential.)

c. All shipments of commodities from one country to another (including shipments to liberated areas) will be evidenced by Form PAF 6, prepared by the shipping country; or in lieu thereof, by the accounting control office on the basis of information cabled by the shipping country.

d. When shipment is made, the shipping country will cable the main office, giving ship's name, railroad car number, or other reference, and the number of the covering PAF 6. This cable will not be required in the case of shipments by truck.

e. Each Form PAF 6 will be confined to commodities shipped in one ship or one car. Shipments by truck will be confined to one truck convoy.

f. Commodities listed on PAF 6 will be classified under the main object classifications established by the Classification of Expenditures, as follows:

- 0000 Food
- 1000 Clothing and Textiles
- 2000 Medical and Sanitation Supplies and Equipment
- 3000 Fuel
- 4000 Shelter; Materials, Supplies and Equipment
- 5000 Agricultural Rehabilitation; Materials, Supplies and Equipment
- 6000 Other materials and Supplies
- 7000 Other Equipment

g. Each commodity shipped will be priced at the average price of acquisition, in terms of the U. S. dollar equivalent as shown by its perpetual inventory record.

- 14 -

h. The original of each form will be sent (or information will be cabled) to the appropriate accounting control office; the duplicate will accompany the shipment.

i. Immediately upon receipt of each shipment, the receiving country will cable notice of arrival to the appropriate accounting control office giving reference to the covering PAF 6 number.

j. Each shipping country will take full credit for all goods shipped; and each receiving country will charge itself with all goods received, as shown by the covering PAF 6, and will then take credit for any loss or damage sustained in shipment. For shiploads lost at sea, the adjusting entries will be made by the main office of U. N. R. R. A.

k. Upon receipt of the original PAF 6 by the accounting control office it will be audited for prices, etc.; and entered in the register of Inter-Country Shipments (J 6) and the Commodity Ledger (L 5). Shipments to recipient countries will be entered on separate sheets of the Register of Inter-Country Shipments (J 6), as these shipments affect general ledger control accounts.

The foregoing procedures assume that the information required by Form PAF 6 will be available to the shipping country when shipments are made. This in turn requires that in cases where commodities are contributed, the Advice of Commodities Contributed (Form PAF 4) shall have been promptly rendered, so that the prices of the commodities shipped are readily obtainable. Procedures on this point must be carefully worked out, particularly with the larger supply countries.

VIII. General Ledger Accounts

In order to effectuate the plan of accounts generally described above, the following control accounts will be maintained in the General Ledger.

Debit Accounts

- Cash - Convertible Currency - General Purposes
- Cash - Local Currency - General Purposes
- Cash - Special Purposes
- Cash Advances
- Commitments Due
- Commodities on Hand
- Commodities shipped to Liberated Areas
- Loss and Damage - Ship Sinkings
- Loss and Damage - Other
- Administrative Expense
- Relief and Rehabilitation Services

- 15 -

Debit Accounts (continued)

Transportation and Warehousing - Distributed
Transportation and Warehousing - Undistributed
Profit and Loss on Exchange
Administrative Equipment

Credit Accounts

Audited Claims Payable
Contributions of Governments - Cash
do - Commodities
do - Services and Facilities
Other Contributions - Cash
do - Commodities
do - Services and Facilities
Sales of Commodities
Voluntary Repayments
Miscellaneous Receipts
Reserve for Unpaid Commitments
Reserve for Appropriations in Force
Reserve for Special Purposes
Other Reserves
Available for General Purposes

These accounts, as previously suggested, will be maintained in terms of U. S. dollars. For discussion of the accounting phases involved in this, refer to Section X, Currency Conversion.

IX. Flow of Documents to Accounting Control Office

The plan of accounting above outlined is based upon the assumption that it will be possible for the main office (or, in lieu thereof, such regional control accounting offices as may be established) to receive promptly certain primary accounting forms bearing on transactions in individual supply and recipient countries. The forms involved are:

PAF 2 Advice of Cash Deposits
PAF 3 Cash Advance Accounting
PAF 4 Advice of Commodities Contributed
PAF 5 Advice of Services Contributed
PAF 6 Inter-Country Shipment Invoice
PAF 12 Advice of Loss or Damage

- 16 -

These forms comprise the minimum number of forms required to supply the main accounting office with essential current information on foreign transactions. They do not include purchase vouchers, travel vouchers and other documents supporting expenditures from cash advances as shown by form No. PAF 3, as it is assumed that these will be retained by the branch offices affected. Some of these latter forms will, of course, flow into accounting control office directly in support of cash payments made by them. These however, are not a matter of primary concern, as the control offices obviously will make payments direct to suppliers of goods and services only where (as in the United States, for example) the original documents supporting the transactions are readily available. In other cases, cash advances to disbursing agents will undoubtedly be the chief means of financing current expenditures.

If communications do not permit the prompt transmission to the control offices of the primary accounting forms above listed (or in the case of distant countries, the cabling of the information required by the forms) some revision of the accounting to be performed by the accounting control offices of U. N. R. R. A. will be necessary. This revision will be in the direction of a reliance upon a system of cabled monthly reports, as a method of accounting for foreign transactions. Since the extent to which such system may be required can be determined only under conditions of operation, and since the plan outlined is considered flexible enough, in its basic design, to accommodate such revisions in operation as can now be foreseen as possible, further speculation of this point would be futile at this time. The problems of communication involved can be met only as they arise. In the meantime, U. N. R. R. A. should proceed on the assumption that centralized accounting, to the degree envisaged by the plan outlined, can be realized.

It is recommended that at the beginning of operations, the main office of the U. N. R. R. A. be established as the sole accounting control office; and that regional accounting offices, operating between the main office and the individual country accounting offices and reporting to the main office be established only as conditions warrant. In considering this recommendation, attention should be directed to the fact that the central accounting provided for can be carried out with the use of six main forms, which can be transmitted weekly (or even as reports) where the volume of the transactions in any country warrants.

X. Currency Conversion

The plan of accounting for U. N. R. R. A. as above described, requires that all transactions in the currencies of countries, other than the United States, shall be translated into terms of the U. S. dollar. (The United States is excepted, of course, only because its transactions will be

- 17 -

initially expressed in its dollar.)

The proposed conversion can be accomplished in a number of ways, ranging from the adoption by U. N. R. R. A. of standard conversion rates that will hold throughout its life (or for some other predetermined period of substantial length, such as a year) to the recognition of such actual fluctuations in exchange rates as shall exceed say, 10%; or any other preestablished percentage.

The accounting problems (and costs) will vary considerably with the method of conversion selected. If, for example, standard conversion rates are adopted, it will be possible to work out a plan by which the local accounts in the various countries need be kept only in the respective local currencies with the conversion into U. S. dollars performed by the accounting control offices. On the other hand, if fluctuations in exchange rates are recognized, it will be necessary for these local accounts to be maintained in both local currency and dollars; a very considerable increase in accounting work.

To illustrate this point, let us assume that Country A contributes to the Administration 100,000 units of its currency, which at the exchange rate fixed at the time had a value in U. S. dollars of \$25,000. Assume, further, that the amount of the contribution was expended at an average ^{exchange} rate of 5 to 1, so that the total expenditures would have a value in U. S. dollars of only \$20,000. Obviously, then, an adjustment of the U.S. dollars cash account must be made on the books of the Administration, by crediting U. S. dollars by \$5,000 and charging loss or exchange.

This is a simple illustration, in which the amount of the adjustment required is instantly apparent. If, however, numerous transactions were involved, it would, as a practical matter, be found necessary to maintain the local accounts in terms of both the local currency and the U. S. dollar, in order to secure proper reporting to and control by the accounting control office.

A second method of conversion, much simpler than the foregoing, would be to translate local expenditures into U.S. dollars at the exchange rate of which the local currency was originally valued when received. Thus, in the previous example, the expenditures in Country A would be translated, not at the rates prevailing when the expenditure was made, but at the original rate of 4 to 1. Where receipts at varying exchange rates are involved, the average rate, as of the first of each month, could be used. This also has its complications where daily receipts are involved, but would have the advantage of permitting the accounting control offices to make all necessary conversions into U. S. dollars, and of relieving local offices of the necessity of accounting in two currencies.

- 18 -

Finally, it is possible for U. N. R. R. A. to predetermine from time to time the value of the various local currencies in relation to the U. S. dollar, and to convert all receipts of local currencies on this basis. Where contributions in kind are involved, they would originally be valued in terms of the local currency and then be translated into U. S. dollars at these predetermined rates.

In the interests of simplified accounting, the adoption of this plan of predetermined conversion rates is recommended, with the following principles controlling its application:

1. All contributions to U. N. R. R. A. will first be valued in terms of the monetary unit of the country involved, and will be so recorded on the local books of the Administration, and reported to the control accounting offices.
2. All expenditures of cash by U. N. R. R. A. will be recorded on its local books in the monetary unit of the country involved, and will be so reported to the control accounting offices.
3. All receipts and expenditures (including in "receipts" contributions in kind) will be converted from local currencies into U. S. dollars at predetermined rates established by the authorized officials of the Administration.
4. If the predetermined rate of conversion for any currency is changed, the U. S. dollar equivalent of the local currency on hand will be adjusted accordingly, and the general ledger account "Profit and Loss on Exchange" charged or credited as the case may be.
5. Whenever it appears desirable to adjust local currencies on the balance sheet of the Administration to their actual value in U. S. dollars, as fixed by prevailing exchange rates at the time, this will be done through a Reserve for Currency Fluctuations, unless the predetermined rates of conversion are changed, in which case (4) will apply.
6. After commodities have been acquired, they will be recorded on perpetual inventory recorded in U. S. dollars only, and their valuation on these records will not be affected by any change in predetermined conversion rates.
7. When commodities are finally sold or otherwise disposed of within a recipient country, their value in dollars will be translated into the local currency of the country for billing and reporting purposes at the preestablished conversion rate prevailing at the time when the distribution is made.

- 19 -

XI. Loss and Damage

a. The branch office of each country receiving goods will render to its accounting control office a monthly report stating, by the leading object classifications of commodities established by the Classification of Expenditures, the loss and damage to all commodities for which it is accountable. Such report will be rendered on Form PAF 12, Advice of Loss and Damage.

b. The branch office of each country will establish a system of reporting losses and damage on (a) each shipment received and (b) on commodities within its custody subsequent to receipt. A form similar to Form No. PAF 12, Advice of Loss and Damage, but adapted to branch office uses, will be employed for this purpose.

c. The branch office of each country will, under regulations to be prescribed, arrange for collection and for the report to its accounting control office of recoveries from shippers or others for loss or damage to commodities sustained in transit. Such recoveries will be credited to Miscellaneous Receipts.

d. The accounting control office of U. N. R. R. A. shall audit each Advice of Loss and Damage and make entry thereof on the Register of Loss and Damage (J 7) and the Commodity Ledger (L 5).

XII. Appropriation Accounting

a. Obligations and expenditures will be entered against each appropriation or allotment thereof. Each such appropriation account will show outstanding commitments and unobligated balance.

b. Monthly, the appropriation ledger expenditures (or the unexpended balances of the ledger) will be reconciled with the appropriate general ledger accounts.

c. The manner in which the appropriation ledgers will be interlocked with the Expense Ledger (L 6) and the Commodity Ledger (L 5) will depend upon the classification of appropriation and allotment accounts. If the appropriation ledgers can be used for expense analysis purposes, the expense ledgers can be proportionately contracted or even dispensed with. Final decision on the point must await study of the Administrative and Operating Budgets, and procedures thereunder, that will control U. N. R. R. A. expenditures.

- 20 -

d. While the plan of classifying expenditures requires classification by the countries within which the expenditures were made, it is not intended that the program or budget for the acquisitions of commodities shall be by country; nor is this necessary in order to interlock "appropriation" with "general" accounting.

XIII. Accounting for Commodities Distributed

Under the ^{above} plan/outlined, the main (or regional) office records of U. N. R. R. A. will not reach beyond the point at which commodities are delivered to a liberated area for distribution. In other words, on the main (or regional) office general books of account, commodities will be considered as finally disposed of, when charged to a liberated area. It is recognized that the accounts of U. N. R. R. A. must extend beyond this to a final disposition of commodities, by sale or otherwise, within the liberated area. Under the proposed plan, this phase of the accounting would be performed by accountants within the respective liberated areas, who would report thereon to the main office. The plan of accounting for such intra-area distributions will be developed in the near future, but will fit into the plan outlined.

- 21 -

Schedule A

.U.N.R.R.A.

CLASSIFICATION OF REVENUES

I. By Country

- 000-199 Member Countries
(as specified)
- 200-299 Non-member Neutrals
(as specified)
- 300-399 Enemy Countries
(as specified)
- 900-999 International
(as specified)

II. By Source

- 1. Contributions of Governments
- 2. Contributions of Private Individuals and Agencies
- 3. Commodity Purchase Orders
- 4. Proceeds of Sales of Goods
- 5. Voluntary Repayments
- 6. Miscellaneous Receipts

III. By Form

- 1. Cash - convertible Currencies
- 2. Cash - Local Currencies
- 3. Commodities
- 4. Operational Services and Facilities
- 5. Administrative Services and Facilities

- 22 -

DESCRIPTION OF OBJECT CLASSIFICATIONS

- 01 Convertible currencies, consisting of gold, checks, drafts, bills of exchange and other credits, that are subject to expenditure at the direction of U.N.R.R.A., and can be converted by it into currencies of other countries.
- 02 Local currencies, consisting of checks, drafts, bills of exchange and other credits, that are subject to expenditure at the direction of U.N.R.R.A., but which cannot be converted by it into currencies of other countries.
- 03 Commodities, including allowable charges incident to transportation, warehousing and handling prior to delivery to U.N.R.R.A., or at its order. These would consist of commodities purchased by the contributor and delivered into U.N.R.R.A. custody or at its order.
- 04 Operational services and facilities, consisting of transportation, warehousing and other operational services and facilities furnished by contributors or their employees for U.N.R.R.A. Note that this excludes services in connection with the supply of commodities prior to their delivery to U.N.R.R.A., as these latter costs are included in the value of the commodities delivered. Include payments by a contributor to private corporations and individuals for these purposes.
- 05 Administrative services and facilities, consisting of office, procurement and other administrative facilities and services furnished by contributors or their employees for U.N.R.R.A.

- 23 -

U. N. R. R. A.

Schedule B

CLASSIFICATION OF EXPENDITURES

I. By Countries

001-999 (as per Revenue Classification)

II. By Character

1. Administrative Expense
2. Relief and Rehabilitation Services
3. Transportation and Warehousing of Commodities
4. Commodities (Acquired)
5. Commodities Distributed
6. Commodities (Inter-Country Transfers)

III. By Organization Unit or Project

000-999 As required for organization units and projects.

IV. By Object - (To be used for Categories 1,2,3)

00 Personal Services

- 01 Salaries and Wages - Regular Employees Salaries
- 02 Salaries and Wages - Temporary Employees
- 03 Professional Services - Non-Employees
- 04 Fees, Commissions, Etc.

10 Travel and Subsistence Expense

- 11 Common Carrier Fares
- 12 Local Transportation
- 13 Automobile Allowances
- 14 Special Conveyances
- 15 Subsistence (inc. per diem in lieu of) and incidentals
- 16 Living and Quarter Allowances
- 17 Representation Allowances

20 Communication

- 21 Telephone Service and Tolls
- 22 Telegraph and Cable Charges
- 23 Postage
- 29 All Other

- 24 -

30 General Supplies and Materials

- 31 Office Supplies
- 32 Printed Reports and Bulletins
- 33 Warehouse Supplies
- 34 Automotive Supplies
- 39 All Other

40 General Equipment

- 41 Office Equipment
- 42 Motor Vehicle Equipment
- 43 Warehouse Equipment
- 49 All Other

50 Other Contractual Services

- 51 Freight and Express
- 52 Ocean Freight
- 53 Repairs and rental of equipment
- 54 Rentals of facilities
- 55 Charges for services
- 56 Property Insurance
- 59 All Other

90 Fixed Charges

- 91 Retirement Fund Payments
- 92 Provident Fund
- 93 Employees' Protective Benefits

By Object - (To be used for Categories 4, 5 & 6)

0000 Food

- 0001 Grains and Preparations
- 0100 Meat, Fish and Products
- 0200 Eggs and Products
- 0300 Milk and Other Dairy Products
- 0400 Vegetable, Fruits and Preparations
- 0500 Sugar and Related Products
- 0600 Fats and Oils
- 0700 Coffee, tea and cocoa
- 0800 Vitamins
- 0900 All Other

- 25 -

1000 Clothing and Textiles

- 1000 Finished Garments; Infants, Girls and Women
- 1100 Finished Garments; Men and Boys
- 1200 Textiles and Yarns
- 1300 Shoes
- 1400 Shoe Materials and Findings
- 1500 Bedding
- 1600 Miscellaneous and Findings

2000 Medical and Sanitation Supplies and Equipment

- 2000 Drugs and Medicines
- 2100 Insecticides and Disinfectants
- 2200 Medical, Dental and Hospital Supplies
- 2300 Sanitation Supplies (exc. 2100)
- 2400 Medical, Dental and Hospital Equipment
- 2500 Sanitation Equipment
- 2600 Soap
- 2900 All Other

3000 Fuel

- 3000 Coal and Related Fuels
- 3100 Gasoline
- 3200 Fuel Oil
- 3900 All Other

4000 Shelter: Materials, Supplies and Equipment

- 4000 Building Construction Materials
- 4100 Building Hardware and Supplies
- 4200 Construction Hand Tools
- 4300 Construction Equipment
- 4400 Tents and other Temporary Shelter
- 4500 Prefabricated Shelters
- 4900 All Other

5000 Farm: Materials, Supplies and Equipment

- 5000 Seeds
- 5100 Fertilizers
- 5200 Agricultural insecticides and fungicides
- 5300 Fodders and Feed
- 5400 Agricultural Hand Tools
- 5500 Agricultural Machinery and implements
- 5600 Spare parts for agricultural machinery
- 5700 Livestock
- 5900 All Other

- 26 -

6000 Other Materials and Supplies (N.E.S.)

6000 Textile fibers for manufacture
6100 Paper and wood
6200 Non-metallic minerals (exc. fuel)
6300 Metals
6400 Chemicals
6900 All Other

8000 Other Equipment (N.E.S.)

8000 Automotive Equipment (inc. spare parts)
8100 Vehicles, not elsewhere specified
8200 Hand Tools
8300 Construction, excavating and road making
8400 Electrical machinery and apparatus
8500 Industrial machinery and equipment
8600 Railway equipment
8700 Fire Fighting Equipment
8900 All Other

U. N. R. R. A.

Schedule C

BASIC ACCOUNTING RECORDS & FORMS

L Ledgers

1. General Ledger
2. Bank Deposits and Withdrawals
3. Cash Advance Ledger
4. Revenue Ledger
5. Commodity Ledger
6. Expense Ledger
7. Appropriation Ledger
8. Equipment Ledger

J Journals

1. General Journal
2. Register of Cash Receipts
3. Register of Audited Claims
4. Register of Cash Advance Accounting
5. Register of Non-Cash Receipts
6. Register of Inter-Country Shipments
7. Register of Loss and Damage

MR Miscellaneous Records

1. Detailed Record of Commodities Acquired
2. Currency Conversion Table
3. Monthly Abstract of Cash
4. Detailed Record of Private Contributions

PAF Primary Accounting Forms

1. Checks and Drafts
2. Advice of Cash Deposits
3. Cash Advance Accounting
4. Advice of Commodities Contributed
5. Advice of Services Contributed
6. Inter-Country Shipment Invoice
7. Purchase Vouchers
8. Advice of Commodity Purchases (Headquarters Only)
9. Travel Vouchers
10. Payroll- Weekly
11. Payroll- Semi-Monthly
12. Advice of Loss and Damage

- 28 -

SAF Secondary Accounting Forms

1. Numbered Receipts
2. Purchase Requisition
3. Purchase Order
4. Report of Materials Received
5. Shipping Invoice - General
6. Warehouse Requisition
7. Warehouse Shipping Invoice
8. Warehouse Monthly Report
9. Warehouse Inventory Record
10. Travel Authorization
11. Payroll Appointment Notice
12. Payroll Time Records
13. Commodity Receipts
14. Bills of Lading
15. Contract Forms

FR Financial Reports

1. Statement of Assets, Liabilities & Reserves
2. Statement of Revenues and Expenditures
3. Statement of Commitments and Applicable Contributions
4. Statement of Revenues - By Countries
5. Statement of Commodities Shipped to Recipient Countries
6. Statement of Assets on Hand - By Country
7. Statement of Cash Receipts and Disbursements - By Country

BOR Branch Office Reports

1. Monthly Statement of Commodity Transactions
2. Monthly Report on Cash Advances
3. Report of Shipments - In
4. Report of Shipments - Out
5. Report of Commodities Distributed
6. Trial Balance of General Ledger

Form No. L 3

- 30 -

U.N.R.R.A.

CFC(43)4

15 December 1943

CONFIDENTIAL

CASH ADVANCE LEDGER

Country _____

Monetary Unit _____

Account _____

[illegible]

Committee on Financial Control
Agenda/2

- 31 -

U.N.R.R.A.

CFC(43)4
15 December 1943
CONFIDENTIAL

Form No. L-4

REVENUE LEDGER

COMMITMENT MEMORANDUM

Admn. Expense

Country

Operating

Monetary Unit

[illegible]

Monetary Unit _____

CFC(43)4
15 December 1943
CONFIDENTIAL

Country _____
Commodity _____
Class _____

[illegible]

Committee on Financial Control
Agenda/2

- 33 -

CFC(43)4
15 December 1943
CONFIDENTIAL

U.N.R.R.A.

Form L-6
Monetary Unit

EXPENSE LEDGER.

Country _____
Account No. _____

[illegible]

Committee on Financial Control
Agenda/2

- 34 -

U.N.R.R.A.

CFC(43)4
15 December 1943
CONFIDENTIAL

Form No. J-2

REGISTER OF CASH RECEIPTS

Control Account _____

Month _____ 194 _____

Group _____

[illegible]

Committee on Financial Control
Agenda/2

- 35 -

U.N.R.R.A.

CFC(43)4
15 December 1943
CONFIDENTIAL

Form No. J-3

REGISTER OF AUDITED CLAIMS

Control Account

Month _____ 194

Group

[illegible]

U.N.R.R.A.

Form No. J-4

REGISTER OF CASH ADVANCE ACCOUNTINGS

Month of _____ 194_____

Group _____

[illegible]

- 37 -

CFC(43)4
15 December 1943
CONFIDENTIAL

REGISTER OF NON-CASH RECEIPTS

Group _____

[illegible]

Committee on Financial Control
Agenda/2

CFC(43)4
15 December 1943
CONFIDENTIAL

- 38 -

Form No. J-6

U.N.R.R.A.

REGISTER OF INTER-COUNTRY SHIPMENTS

Month of _____ 194_____

Group _____
(Region, Area, Etc.)

[illegible]

Committee on Financial Control
Agenda/2

- 39 -

U.N.R.R.A.

REGISTER OF LOSS & DAMAGE

CFC(43)4
15 December 1943
CONFIDENTIAL

Form No. J-7

Month of _____ 194

[illegible]

CFC(43)4
15 December 1943
CONFIDENTIAL

U.N.R.R.A.

No. _____

Monetary Unit _____ Conversion Date _____

Entered

I certify that all receipts from _____ to _____
have been deposited as above listed

CFC(43)4
15 December 1943
CONFIDENTIAL

U.N.R.R.A.

No. _____

Country of _____ Date _____

Period From _____ to _____ Monetary Unit _____

Kind of Advance _____	Conversion Rate _____
-----------------------	-----------------------

[illegible]

Certified Correct _____
Disbursing Agent

CFC(43)4
15 December 1943
CONFIDENTIAL

U.N.R.R.A.

Form No. PAF-4

ADVICE OF COMMODITIES CONTRIBUTED

No. _____

Contributed by _____ Shipping Date _____

Consigned to _____ Comm. Receipt No. _____

Shipped by _____ Conversion Rate _____

N.B. CLASSIFY COMMODITIES BY STANDARD CATEGORIES AND GIVE SUB-TOTAL CATEGORY

[illegible]

CFC(43)4
15 December 1943
CONFIDENTIAL

No. _____

N.B. Classify Commodities by Standard Categories and give Sub-Total of each Category

Commodity	Code	Quantity	Unit	Amount (U.S.Dollars)

Form No. FR-1

STATEMENT OF ASSETS, LIABILITIES & CAPITAL
(In U. S. Dollars)

As of _____

ASSETS

Cash -- Convertible Currency -- General Purposes	\$
Cash -- Local Currency -- General Purposes	
Cash -- Special Purposes	
Cash Advances	
Commitments Unpaid	
Commodities on Hand:	
Food	
Clothing & Textiles	
Medical Supplies & Equipment	
Fuel	
Shelter: Supplies and Equipment	
Agriculture: Supplies & Equipment	
Other Materials and Supplies	
Other Equipment	
Administrative Equipment	
Total	\$ _____

LIABILITIES & CAPITAL

Current Liabilities	\$
Reserve for Unpaid Commitments --	
Reserve for Appropriations in Force	
Reserve for Special Purposes	
Other Reserves	
Available Capital -- General Purposes	
Total	\$ _____

Form No. FR-2

STATEMENT OF REVENUES & EXPENDITURES

General Purposes
(In U. S. Dollars)

For period _____ to _____

Revenues

Contributions - Governments

Convertible Currency \$
Local Currency
Commodities
Services and Facilities

Contributions - Other

Convertible Currency
Local Currency
Commodities
Services and Facilities

Voluntary Repayments

Sale of Goods

Miscellaneous Receipts

Total

\$ _____

Expenditures & Distributions

Commodities Shipped to Liberated Areas

Food
Clothing and Textiles
Medical Supplies & Equipment
Fuel
Shelter : Supplies & Equipment
Farm: " " "
Other Materials and Supplies
Other Equipment

Loss & Damage - Ship Sinkings

Loss & Damage - Other

Transportation & Warehousing - Distributed

Transportation & Warehousing - Undistributed

Administrative Expense

Relief and Rehabilitation Services

Total

\$ _____

Excess of Revenues over Expenditures

\$ _____

- 46 -

U.N.R.R.A.

STATEMENT OF COMMITMENTS AND APPLICABLE CONTRIBUTIONS

As of _____

Country	Commitments	Applicable Contributions				Unpaid Consultant
		Cash	Commodities	Services	Total	
Totals						

CFC(43)4
15 December 1943
CONFIDENTIAL

U.N.R.R.A.

Form No. FR-4

STATEMENT OF REVENUES - BY COUNTRY

In U.S. Dollars

As of _____

Y

Country	Total	Government Contributions (Form FR-3)	Other Contributions	Sales of Commod- ities	Voluntary Repayments	All Other
Totals				Y	T	

Committee on Financial Control
Agenda/2

CFC(43)4
15 December 1943
CONFIDENTIAL

U.N.R.R.A.

Form No. FR-5

STATEMENT OF COMMODITIES SHIPPED TO RECIPIENT COUNTRIES
(By Country)

- 49 -

CFC(43)4
15 December 1943
CONFIDENTIAL

U.N.R.R.A.

STATEMENT OF ASSETS ON HAND
(By Country)

As of _____

In U. S. Dollars

[illegible]

Committee on Financial Control
Agenda/2

- 50 -

U.N.R.R.A.

CFC(43)4
15 December 1943
CONFIDENTIAL

Form No. FR-7

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
(By Country)

As of _____

In U. S. Dollars

[illegible]

Committee on Financial Control
Agenda/2

- 51. -

U.N.R.R.A.

CFC(43)4
15 December 1943
CONFIDENTIAL

Form No. BOR-1

MONTHLY REPORT OF COMMODITY TRANSACTIONS

Country of _____
Month of _____

Date _____

In U. S. Dollars

	Food	Cloth- ing	Medical	Fuel	Shelter	Farm	Other Supplies	Other Equip.
On hand -- Start								
Purchased								
Contributed								
Shipments -- In								
Totals								
Shipments -- Out								
Loss -- On Receipts								
Loss -- Other								
Distributions								
Totals								
On Hand -- End								

Certified Correct _____

Committee on Financial Control
Agenda/2

- 52 -

U.N.R.R.A.

CFC(43)4
15 December 1943
CONFIDENTIAL

Form No. BOR-2

MONTHLY REPORT ON CASH ADVANCES

Country of _____
Month of _____

Monetary Unit _____

Date		Administra- tive	Relief	Transp. & Warehousing	Commodities
	On Hand - Start Receipts - (By check Nos.)				
	Total				
	Disbursements - By Cash Advance Accountings				
	Total				
	On Hand- End				

Certified Correct _____

Committee on Financial Control
Agenda/2

- 53 -

U.N.R.R.A.

CFC(43)4
15 December 1943
CONFIDENTIAL

STATEMENT OF SHIPMENTS - In

Form No. BOR-3

Country of _____

In U. S. Dollars

Month of _____

[illegible]

Committee on Financial Control
agenda/2

- 54 -

CFC(43)4
15 December 1943
CONFIDENTIAL

U.N.R.R.A.

Form No. BOR-4

STATEMENT OF SHIPMENTS - OUT

Country of _____

In U. S. Dollars

Month of _____

[illegible]

MONTHLY STATEMENTS - GENERAL LEDGER TRIAL BALANCE

Form No. BOR-6

Country of _____ Monetary Unit _____
Month of _____ Conversion Rate _____

Account	Previous Month	This Month	Difference
<u>Debits:</u>			
Cash Deposits (Receipts)			
<u>Main Office Cash Advances:</u>			
Administrative			
Relief			
Transportation and Warehousing			
Commodities			
Commodities Purchased			
Commodities Contributed			
Loss & Damage - Upon Receipt			
Loss & Damage - Other			
Administrative Expense			
Relief & Rehabilitation Services			
Transportation & Warehousing			
Administrative Equipment			
Revaluation of Assets (P & L)			
Totals			
<u>Credits:</u>			
<u>Contributions - Governments</u>			
Cash			
Commodities			
Administrative Services			
Relief Services			
Transportation & Warehousing			
<u>Contributions - Private</u>			
Cash			
Commodities			
Sale of Commodities			
Voluntary Repayments			
Miscellaneous Receipts			
Main Office Control			
Totals			

Committee on Financial Control
Minutes/2

CFC(43)6
December 1943

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

COMMITTEE ON FINANCIAL CONTROL

Minutes of the Second Meeting

(December 20, 1943, 2:30 p.m.)

The second meeting of the Committee on Financial Control was called to order in Room A, United States Chamber of Commerce Building, 1615 H Street, N.W., Washington, D.C., at 2:30 p.m., December 20, by the Chairman, Mr. Acheson (United States of America).

In addition to the Director General the following members were present:

CHINA	Wenpo C. Wang
GREECE	Philon A. Philon
MEXICO	Rafael de la Colina
NORWAY	Ole Colbjornsen
UNION OF SOUTH AFRICA	A. T. Brennan
UNION OF SOVIET SOCIALIST REPUBLICS	Vasili Alexseevich Sergeev
UNITED KINGDOM	Sir David Waley
UNITED STATES OF AMERICA	Dean Acheson

Also present were

CHINA	T. L. Tsui
UNION OF SOVIET SOCIALIST REPUBLICS	Nicolay Orlov
UNITED STATE OF AMERICA	E. G. Miller
The Secretary Pro Tem	Kenneth Dayton

The provisional agenda for the meeting prepared by the Director General in consultation with the Chairman of the Committee (in accordance with Article IV of Annex I of the Rules of Procedure of the Council, Resolution No. 40) and distributed by the Secretary was, on motion, adopted as the agenda for the meeting.

The Chairman asked the Director General for his report pursuant to the Committee's resolution of November 30, and the Director General read the following report:

"At its meeting on November 30, the Committee adopted a resolution recommending

Committee on Financial Control
Minutes/2

CFC (43.)6
December 1943

- 2 -

'That each member government take appropriate steps to contribute at the earliest possible date its share of the administrative expenses allocated to it; and that any member government which is not in a position to make immediate contribution of its full share of such expenses undertake to make as large an advance contribution as possible.'

The Committee requested each member government to inform the Director General not later than December 15, 1943, concerning the steps which it has taken or will be able to take in accordance with these recommendations.

Pursuant to this resolution, the Director General addressed a letter dated November 30, 1943 to the Foreign Minister of each Member Nation, expressing the hope that the government might find it possible to comply with the recommendations and the request in the resolution. The letter and the certified copy of the resolution were delivered to the Members of the Council for transmission to their respective governments.

Contributions to the Administrative expenses of the Administration have been received as follows:

Norway	\$30,000.00
Ethiopia	5,000.00
French Committee of National Liberation	50,000.00 on account
Guatemala	5,000.00
Belgium	100,000.00
New Zealand	30,000.00
Iceland	5,000.00
TOTAL	\$225,000.00

In addition the Government of Iceland has forwarded a check for \$50,000.00 on account of its operating contribution.

Acknowledgements of the communication of November 30, have been received from the representatives of eight additional countries, of which Peru, Canada, and China have indicated their intention to make immediate payment of their contribution or on account thereof."

In further comment on this matter, Sir David Waley stated that steps are being taken to apply \$100,000.00 from U.K. Embassy accounts as soon as possible. Mr. Brennan said that South Africa would be prepared to give an interim check, but the Director General stated that he would be satisfied to wait for the meeting of the South African Parliament in January. Mr. de la Colina said that appropriate steps are being made toward Mexico's contribution.

Committee on Financial Control
Minutes/2

CFC(43)6
December 1943

- 3 -

In connection with the proposed accounting system for UNRRA (Item III of the agenda), it was agreed that, as suggested by Sir David Waley, the problem resolves itself into two questions, the question of a system for the conversion of currencies and the question of the type of accounting system and records which would be used; that the former is a very intricate problem which could be settled at a later date after it had been considered by the Member Governments; that as to the latter, a decision should be reached within two or three weeks at the most.

It was agreed that the Secretary should consult with the members of the Committee, or their representatives, in regard to this matter; and that it should be discussed subsequently by the Committee or by a sub-committee to be appointed.

The Secretary stated that page 35 of the tentative Plan of Accounting, which had been circulated, had omitted a subheading before "0000 Food", which should read as follows: "By Object - (to be used for Categories 4, 5 & 6)", and that copies of the revised page 35 would be distributed to members for insertion. It was agreed that in the future three copies of all documents to be considered at meetings should be provided in advance for each representative.

With respect to the nomination of an auditor (Item IV of the agenda), the Director General stated that he would prefer to have the matter left definitely with the Committee, entirely independent of the Director General. He also expressed the view that the auditor should be a firm which is thoroughly experienced in and familiar with the field of international finance. Several members felt that the Committee should request a suggestion from the Director General in making its recommendation. After some discussion it was agreed that the Chairman should approach the Director of the American Institute of Accountants with a view to the possibility of requesting a recommendation.

The Chairman asked for views of the personnel policies of the Administration as they affect finance - salary scales and related matters (Item V of the agenda). The Director General explained the problem of differing salary scales as among employees of the Member Governments, and asked for advice in regard to employees working in countries other than their home country. Mr. Sergeev reminded the Committee that a general policy of generous salary provision is indicated in Resolution 37 as adopted by the Council of UNRRA. Mr. de la Colina felt that the problem would be simplified if all possible personnel are recruited locally in the countries where the Administration operates. Sir David Waley suggested the use of subsistence allowances as a means of ironing out salary scale difficulties. After some further discussion it was agreed that a subcommittee should be appointed to discuss this problem with the Secretary and to submit a tentative report as soon as possible. The following agreed to serve on the subcommittee:

R E S T R I C T E D

Committee on Financial Control
Minutes/2

CFC(43)6
December 1943

- 4 -

MEXICO
NORWAY
UNION OF SOVIET SOCIALIST REPUBLICS
UNITED KINGDOM

Rafael de la Colina
Ole Colbjornsen
Nicolay Orlov
W. P. Barrett

Discussion of staff requirements of the Committee (Item VI of the agenda) was postponed for future consideration.

The next meeting of the Committee was set tentatively for January 10, 1944, at the same hour and place, with the understanding that it might be changed depending upon the convenience of the date to the members, the Secretary to notify the members of the exact date.

There being no further business, the meeting adjourned at 3:30 p.m.

Chairman: (s) Dean Acheson

Secretary, Pro Tem: (s) Kenneth Dayton