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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-third Meeting
Geneva, 5-9 July 2004

Addendum

**RECONCILIATION OF THE 2002 ACCOUNTS OF THE MULTILATERAL FUND
(FOLLOW-UP TO DECISION 42/41)**

This addendum is issued to provide additional information from the Controller of the United Nations concerning the initial start-up costs of UNDP (attached). The letter specified, inter alia that:

- The Board of Auditors was completely independent and solely responsible for the conduct of an audit and therefore, the Board could not be requested to perform any particular or specific examination.
- The discrepancy at issue was insignificant and did not warrant further review.
- Most financial records (other than statements) were destroyed after 5 years, whereas the issue of start-up costs goes back to the year 1991.

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13 June 2004

Dear Ms. Nolan,

Thank-you for your letter of 26 May seeking my views on an issue relating to the Multilateral Fund. The accounts of the United Nations, as well as those of the United Nations Development Programme and those of the United Nations Environment Programme (which I believe include the accounts of the Multilateral Fund) are all audited by the same Board of Auditors appointed by the General Assembly.

The Board of Auditors according to the Financial Regulations is completely independent and solely responsible for the conduct of the audit. Neither the Secretariat, nor the Executive Committee of the Fund can request the Board to perform any particular or specific examination.

It is not clear to me on what basis this discrepancy has arisen, whether it is from audited financial reports or whether it based on calculations made by the Secretariat. Be that as it may a discrepancy of 0.02% is in my view immaterial and insignificant and does not warrant further examination.

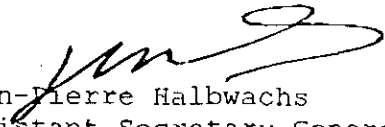
The Financial Regulations do not prescribe the length of time for which records are kept. The retention schedule for financial records which is determined by the Secretariat provides that most of the records are destroyed after five years. Financial statements are retained permanently.

Ms. Maria Nolan
Chief Officer
Multilateral fund for the Implementation
of the Montreal Protocol
Montreal

I note that the issue of the startup cost goes back to 1991. I do not know of any Organization that would have records that go back that far in time.

I hope this answers your queries.

Yours sincerely,


Jean-Pierre Halbwachs
Assistant Secretary-General
Controller