



**Chief Executives Board
for Coordination**

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33rd Meeting of the CEB Finance and Budget Network
16-18 July 2019, World Intellectual Property Organization, Geneva

**CONCLUSIONS OF THE 33rd MEETING
OF THE FINANCE AND BUDGET NETWORK**

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Introduction

1. The Finance and Budget Network (FBN) held its 33rd session on 16th to 18th July 2019 at the World Intellectual Property Organization in Geneva. The meeting was co-chaired by Ms. Chitra Narayanaswamy, Director (Controller), Department of Program Planning and Finance, WIPO and Mr. Darshak Shah Chief Finance Officer, UNDP. The agenda is available in document CEB/2019/HLCM/FB/2_Rev.2.
2. Mr. Ambi Sundaram, Assistant Director General, Administration and Management, WIPO opened the regular session of the meeting and welcomed participants.
3. All documents related to the session are available on the FBN website at <https://www.unsceb.org/content/july-2019>.

I. Side-event on automated invoice processing

Presenters: *Ms. Chitra Narayanaswamy, Director (Controller), Department of Program Planning and Finance, WIPO; Mr. Darshak Shah, Chief Finance Officer, UNDP; Mr Hans Baritt, Controller and Director, Division of Financial and Administrative Management UNHCR; Mr. Balaji Abbabatulla, Senior Director Analyst, Gartner*

Documentation:

- ✓ *Session package*

Background:

4. At the December 2018 FBN session, it was noted that a number of UN organizations have funds set aside and RFPs planned or in place for technological solutions, and that it would be critical for the FBN to coordinate to ensure that organizations do not duplicate efforts or build structures that will prevent organizations from working together effectively in the future. It was proposed that the FBN could look into exchanging information on innovative initiatives ongoing or planned, and new technologies being acquired, including procurement actions that could potentially be shared.

5. In an effort to exchange information and knowledge on automation tools for finance, five vendors of invoice automation solutions who responded to a Request for Information (RFI) published by UNICC (<https://www.ungm.org/Public/Notice/92084>) presented their products. The main purpose of the event was to provide information and inform the FBN as a community about what is possible in the area of accounts payable invoice automation solutions.

Discussion:

6. The side-event opened with a presentation from Mr. Balaji Abbabatulla, Senior Director Analyst, Gartner on the road ahead for invoice automation/Procure-to-Pay (P2P). One of the key points that came out of the presentation was that organizations can start small with accounts payable invoice automation (APIA) and incrementally build in stages, there is no requirement to completely automate an entire process. When contrasted with the process of implementing an ERP, it was noted that ERP implementation is broad-brush with a potential lack of depth given that every function is specialised and requires in depth

expertise, while with APIA, each piece is integrated with different pieces through APIs, which should lead to better visibility and better end-to-end collaboration. Implementation should be faster and cheaper than an ERP implementation, with insights from analytics that are directly usable in day to day work life bringing value quicker.

7. Presentations of APIA solutions were made by Tradeshift, Basware, Coupa, Oracle and SAP, and participants had the opportunity to ask questions after the conclusion of each presentation.

8. Following the presentations from the five vendors, FBN members discussed and reviewed the solutions. Some of the issues that came up in discussion included whether UN organizations would need to harmonize their rules in order to collaborate; how to manage with multilingualism; and how to deal with connectivity issues in field locations where an electricity supply is often interrupted.

Conclusions and follow up actions:

9. The FB Network discussed collectively the five solutions that had been presented, to consider which could make sense for UN agencies, and to propose requirements that should be considered for inclusion in any future RfP issued for invoice automation solutions. Some of the requirements proposed included the ability to work offline for locations where internet connection is less than reliable; broadening the scope to include not just vendors, but also implementing partners; possibility of a modular approach with linkages to broader supply chain; scalability in solution if looking for a common, joint solution; and clarity to be provided as to any pre-requisites for master data that the organizations would be required to meet.

10. Consideration was also given as to how and to what extent UN organizations could collaborate on an RFP for such solutions. While recognizing the opportunity for joint collaboration, it was noted that due to most UN organizations having different ERPs and business requirements, the FBN should not underestimate effort that would be required on change management. It was agreed that the group of entities that worked together on the Expression of Interest (UNICEF, UNDP, WHO and UNHCR) would move forward together towards an RfP for invoice automation solutions and keep the FBN informed.

II. Follow-up on the Future of Finance Conference

Presenters: *Antoine Berthaut, Director in charge of management consulting in Geneva, PricewaterhouseCoopers; Robert van der Zee, Director, Finance and Treasury Division WFP; Hans Baritt, Controller and Director, Division of Financial and Administrative Management UNHCR*

Documentation:

- ✓ *Report on the Future of Finance Conference*
- ✓ *Conclusions of HLCM 37th session (CEB/2019/3)*

Background:

11. Following the FBN's discussion on innovation at the June 2018 meeting, where the Network recognized the need for UN organizations to collectively look at how innovation

and automation can improve the way the UN system works in the area of finance, a conference on “The Future of Finance” was arranged in November 2018. The conference brought together keynote speakers to offer some insights into innovative advances being achieved in the area of finance and provided inspiration for some opportunities for further innovation within financial management functions in the UN system. The conference highlighted three key objects of change: Work, Workplace and Workforce, and the discussions under this agenda item continued the thread from the outcomes of the conference.

Discussion:

12. The session opened with presentations from PricewaterhouseCoopers and WFP. Mr Antoine Berthaut from PwC introduced the workshop and set the scene by providing some insights into the future of finance, the challenges facing the UN finance community and the reasons why we need to change in the next 5-10 years. Mr Berthaut outlined 3 major disruptors that are impacting the finance function, both independently, and with a compounding effect when combined (Strategic financing, organizational reform and digital transformation).

13. WFP then introduced the Strategic finance effectiveness benchmark and road map project that WFP recently undertook, presenting highlights and key findings and emphasizing that the project helped to provide a refreshed look at what is happening within the WFP finance function compared to the outside world, against the background of the disruptors that are challenging the finance function, and to establish a future of finance vision for the organization.

14. FBN members then broke into small groups for a facilitated workshop around the three key disruptors to the finance function: strategic finance, digital transformation, and organizational reform. The discussion focused on the impact of these disruptors on finance work, the finance workforce, and the workplace. Each group reported back to the plenary on the outcome of their discussions, including potential actions for the FBN to consider, with a view towards establishing a framework to help navigate the issues at stake.

15. The plenary session was followed by a presentation on UNHCR’s path to process review and automation, which also highlighted some collaboration possibilities for the UN finance community and provided an update on the work being undertaken to establish a Digital Solutions Centre.

16. A detailed overview of the workshop outcomes and call to action is presented in Annex II.

Conclusions and follow-up actions:

17. The FBN Co-Chairs thanked PwC and all participants for a very engaging and successful workshop, noting that through the work of the FBN, they would like to ensure a continuum beyond this session to further build upon the collective investment made. Some of the key action areas that emerged from the workshop and will require further consideration by the Network included:

- Establishing centres of excellence

- Developing a corporate finance positioning roadmap and vision for the future to ensure that the finance function continues to add value through advisory services to the business
 - Work with HR Network on a strategic review of HR and other administrative policies to see what would be enabling for the UN to become more agile
 - Using training as a strategic activity to bring about a mindset and culture change, not just for operational staff but also for middle and senior managers
 - Information sharing through a platform or other means of who is doing what and how.
 - Put in place some accelerators towards a more intelligent way for organizations to do certain activities collectively, and to avoid duplication across organizations, such as due diligence activities.

18. One of the key impact statements related to the future of finance work that surfaced during the session was that UN Finance directors should aim to become valued business partners through:

- i. Leading the path to innovative financing – especially how to tap and mobilize private sector resources.
- ii. Becoming champions of automation – leverage automation to change role of finance and ensure we get quality data to produce quality information
- iii. Sharpening the integrated results and resources framework to attribute dollar values to results, thereby convincing senior management that finance has the role, among other things, of certifying the absolute truth of SDG implementation, by being able to provide data on which results have been achieved and for what cost.

19. Some of the challenges that may have to be addressed when looking for opportunities to collaborate include:

- Organizations having different priorities and urgencies to move ahead
- Investments already made
- Restrictive governance structures for innovation
- General change management for both staff and donors
- Managing the hype from reality.

20. The next steps for the FBN include proposing to HLCM: Agencies that are willing to collaborate and in which areas; possible collaboration modalities that may be the most appropriate; possibilities for innovative pilots with the idea to eventually bring to scale; and an information sharing platform to enable UN organizations to share in real time what they are doing with digital solutions.

III. EU-UN FAFA revision implications

Presenter: *Mr Pierre Harzé, Deputy Director United Nations / United Nations Development Programme Representation Office in Brussels*

Documentation:

✓ *None*

Background:

21. A revised EU-UN FAFA was signed in December 2018, introducing two major changes in the areas of restrictive measures and the terms of reference for verification missions.

Discussion:

22. Mr Harzé updated the FBN on the implications of the recent EU-UN FAFA revisions and the issues that still need to be addressed, with a particular focus on the three main areas of concern: Restrictive measures, indirect costs and verifications.

23. With respect to restrictive measures, which refers to a list of individuals or entities put in place by the EU legislative bodies that are prevented from benefiting from financial assistance of the EU, in 2018 the EC tried to extend this regime for all financial assistance provided to the UN. Through negotiations with the EC, the UN managed to control the implications through wording in the revised FAFA that limits the UN's obligation to cooperating with the EC in assessing the third parties, however the EC subsequently released very prescriptive guidance on how to implement these measures, and the next step for the UN is to try to bring the issue to Member States at a political level. Further clarifications are also still being sought on the scope of exceptions for humanitarian assistance and how they will be applied in practice.

24. With respect to verification missions, the main change in approach is from assurance on the quality of the administrative processes to regularity and legality of the transactions, with the current points under negotiation being the sampling method and the nature of supporting documentation.

25. Regarding indirect costs, two EC entities (DG NEAR and ECHO) are driving pressure to lower indirect costs and proposed guidance on flexibility of overhead costs which has not been accepted by the UN. FBN members agreed that UN entities need to continue to work together to keep a strong unified position to resist pressure to lower indirect cost rates. With respect specifically to cash transfers, a workshop will be conducted in September with the agencies with the largest cash-based transfers to understand the cost structure of cash transfers and agree on a strategy.

26. During the discussion, the issue of UNDP-UPL charges being considered ineligible by the EC was also raised, as this will have important implications as the UN considers shared services or outsourcing models in the future, and it was agreed that the FBN have a discussion in the future on how to collectively address this with the EC.

Conclusions and follow-up actions:

27. The FBN thanked Mr Harzé and the UN Controller's Office for the efforts to ensure that the UN's interests and concerns are taken into account in the discussions with the EU-EC. The FBN noted with great concern the pressure being exerted by the EU to lower indirect cost recovery rates and agreed that the UN collectively needs to have a strong strategy on this and stay unified against lowering indirect cost rates. It was agreed to plan working sessions as required prior to the 11 October FAFA Working Group meeting so that the UN organizations can be prepared and collectively engaged prior to the meeting. Specifically with respect to cash-based transfers, a workshop will be arranged in

September to understand the cost structures and agree on a strong justification for maintaining the cost recovery rate for cash-based transfers.

IV. Implications of UN Reform

Part A: Update on Business Innovations Group (BIG) activities, including Mutual Recognition

Presenter: *Mr. Robert Turner, Project Team Leader, Business Innovations Group; Mr Stephen Ingles, Team Leader, Finance, Business Innovations Group*

Documentation:

- ✓ *A/72/492 Shifting the management paradigm in the United Nations: Ensuring a better future for all*
- ✓ *A/72/684 Repositioning the United Nations development system to deliver on the 2030 Agenda: our promise for dignity, prosperity and peace on a healthy planet*
- ✓ *A/RES/72/279 General Assembly Resolution on repositioning the UN development system*
- ✓ *Funding Compact dated 6 March 2019*
- ✓ *Operational Guidance for implementation of the Coordination levy*
- ✓ *Presentation from Business Innovations Group*

Background:

28. The Secretary-General, in his reports on repositioning the UN development system (A/72/124 and A/72/684), set a number of ambitious objectives for a radical transformation of UN system's operations, which were subsequently endorsed by the General Assembly in resolution 72/279.

29. In particular, the Secretary-General, renewed his commitment to advancing common business operations in United Nations Country Teams; requested all entities to accelerate efforts to meet the 2016 QCPR mandate to operate according to the principle of mutual recognition; and, requested the High-Level Committee on Management and the UNSDG to devise a strategy that would see the establishment of common back offices for all UN Country Teams by 2022.

30. HLCM at its recent session discussed the concrete actions that can be taken, in full coordination with the UNSDG Business Innovations Group (BIG), towards achieving the high-level commitments contained in resolution 72/279 and that can directly contribute to the realization of the Funding Compact between the UN Development System and Member States, particularly with respect to transparency, reporting and efficiency.

Discussion:

31. The UNSDG BIG provided an update on progress towards achieving some of the high-level commitments contained in resolution 72/279, and the various streams of work underway with respect to establishing a network of shared service centers and establishing

common premises and consolidated administrative services, as well as the improved Business Operations Strategy.

32. With respect to the target of establishing common back offices for all UN country teams by 2022, it was noted that this needs to be further defined in terms of what it means and how it will be managed. Six functions are in scope (Administration; finance; HR; ICT, logistics; and procurement) and a cost benefit analysis is underway to understand the total cost by function at country level and then identify consolidation opportunities, while bearing in mind that which services need to be done in-country varies from entity to entity.

33. The goal to explore global shared service centres to consolidate location-independent business operations also needs further definition, and the first step is a survey on a UN services marketplace that is currently being conducted with HLCM member entities. The survey is collecting information on service activities each agency would be prepared to offer to other UN entities, and those service activities that it would potentially like to receive, and the results will be published in the fourth quarter of 2019. It was noted that there are many potential benefits to shared service centres, but consideration needs to be given to quality, time and cost to do the services and whether it can be leveraged across the system, and also consideration as to whether any services might be best outsourced to the private sector. The importance of having accurate data to make decisions about moving or retaining services across the UN system was raised. Digital technology such as Robotic Process Automation was also discussed, and the need to consider the impact on which services may or may not become redundant in the future.

34. Regarding the implementation plan that is being developed towards increasing the proportion of UN common premises by 2021, it was clarified that common premise refers to any UN location with two or more UN entities co-located, and that the approach is whole of country, to review opportunities in both the capital city and subnational offices. One of the challenges is that there is no funding available for this project and no plans to request funding from Member States. The next steps include pilots for consolidation planning, and in early 2020, lessons learned from the pilots will be rolled out as guidelines for remaining countries to self-support the planning process.

35. Three main enablers to the above initiatives were also discussed: Mutual Recognition, customer satisfaction principles and costing & pricing principles. It was explained that the customer satisfaction principles use high level, non-prescriptive language to cover the obligations that service providers have for customer satisfaction, and have been reviewed and finalized by all BIG members with a signatory process to start in the third quarter of 2019. The costing and pricing principles are also high level and non-prescriptive, with the intention of ensuring full cost recovery without any profit, and are currently being finalized by all BIG members.

36. As of July 2019, the Mutual Recognition Statement has been signed by the Secretary-General and 13 other agencies (UN Women, UNDP, UNFPA, UNHCR, UNICEF, UNOPS, WFP, WHO, ILO, IOM, UNESCO, UNAIDS and ITU). The FBN members discussed that there are still a lot of questions around the application of Mutual Recognition and that the operationalization of Mutual Recognition needs to be done in a structured manner at the corporate level in each entity, with clear guidance as to how and where it can be leveraged. It was noted that the intention with Mutual Recognition is not

to harmonize regulations and rules, but to capture the best approach in one entity and apply it in another.

Conclusions and follow-up actions:

37. The FBN took note of the updates on the BIG activities, agreeing that further thought and discussions are needed around transparent communication of cost and price of entities that are willing to provide shared services. With respect to Mutual Recognition, the FBN recognized that this is a very important concept and that while some organizations have already seen some benefits of Mutual Recognition, mostly related to piggy-backing on procurement contracts, more clarity is required as to how it can be applied and operationalized, and that this clarity needs to come at the corporate level. The Network noted that a structured approach to leveraging Mutual Recognition will be required if entities are to see a significant impact and make the most of opportunities that Mutual Recognition can potentially provide.

Part B: Funding Compact – including cost recovery policies

Presenters: *Mr Thomas Asare, Comptroller UNICEF; Ms Iva Goricnik Christian, Chief, Resource Planning and Budgeting Branch UNFPA*

Documentation:

- ✓ *Funding Compact dated 6 March 2019*
- ✓ *Joint review of the existing cost definitions and classifications of activities and associated costs (DP/FPA-ICEF-UNW/2019/1)*

Background:

38. The final draft of the Funding Compact between Member States and the United Nations Development System was transmitted to Member States by the Deputy Secretary-General on 7 March 2019, in response to General Assembly resolution 72/279. The intention of the Compact is to yield better and more efficient results on the ground and move the UN system closer to delivering on the 2030 agenda for sustainable development.

39. The Funding Compact recognizes that the United Nations development system needs to be more transparent and accountable for its spending, and that it also needs to be more effective and efficient in the use of limited resources and communicate more clearly on what it does and what it achieves. In return, Member States commit to bringing core resources to a level of at least 30 per cent in the next five years, increasing the share of multi-year contributions and doubling the levels of resources channeled through development related inter-agency pooled funds and single agency thematic funds.

40. This agenda item focused on the commitments in the Funding Compact related to cost recovery. In addition to full compliance with established cost recovery policies, organizations have committed to improving comparability of cost classifications and definitions. This is intended to enhance transparency and enable a better-informed dialogue between Organizations and their partners on the true cost of delivering mandates.

Discussion:

41. UNICEF and UNFPA presented an update on the in-depth review of cost classification jointly done by UNDP/ UNFPA/UNICEF and UN Women for their joint Executive Board. It was noted that the request from the Executive Board was unprecedented in terms of the level of granularity requested on cost definitions and classifications of categories and associated costs. The agencies found that they are aligned in the majority of areas, and the definitions for activities that were approved by the Executive Board in 2010 (Development; UN development coordination; management; and special-purpose) remain common and valid for all four agencies. However, it was noted that there are some differences in the application of the common cost definitions due to the agencies having different mandates, business models, universal presence and economies of scale. With respect to the link between cost classification and cost recovery, an overview of the types of activities, types of costs and cost recovery modality for the four organizations was provided, for example development activities have both programme and development effectiveness costs, which are funded by direct charges against projects (for programme costs) or the core institutional budget (for development effectiveness costs). Some recommendations for further alignment between the four agencies were also presented.

42. Some of the lessons learned from the review were that clarity and granularity of definitions is important, and that through greater transparency in presentation of cost definitions and categories to the Executive Board, it was possible to illustrate why there are some valid differences in the application of the common definitions (due to different business models etc). It was also found that it is easier to harmonize by agreeing on common principles rather than common methodologies or rates.

43. It was noted that the intention of the Executive Board request was overall harmonization in the UN system, which is aligned with the Funding Compact commitments on cost recovery. The FBN acknowledged that discussions on cost classification and agreeing on how to identify indirect costs would be the first step towards further harmonization in the approach to cost recovery across the UN system; and that cost accounting is key to helping organizations to be able to attribute more costs directly to projects and programmes. The complications of how to treat PSC when one UN entity uses another UN entity as an implementing partner were raised, with a proposal that the implementing entity is a direct cost and that there should be no consideration to sharing PSC in these cases.

Conclusions and follow-up actions:

44. The FBN noted that through the joint work being done by UNDP/UNICEF/UNFPA/UN Women, and by other organizations, on cost classifications and cost recovery, UN organizations are moving to a new level of transparency on the total cost of delivery. It was agreed to establish a small working group to look at harmonized principles for cost recovery, including consideration of a common principle for UN to UN agreements to protect the cost recovery of the individual entities. The organizations that volunteered to join the Working Group include UNHCR, UNFPA, UNDP, UNICEF, UN Women and the UN Secretariat.

V. Innovative financing

Presenters: *Mr. Darshak Shah, Chief Finance Officer, UNDP; Mr Thomas Asare, Comptroller UNICEF; and Hans Baritt, Controller and Director, Division of Financial and Administrative Management UNHCR*

Documentation:

✓ *None*

Background:

45. In response to an increasing number of requests for UN organizations to consider the use of “innovative” financing mechanisms, the FBN had a brainstorming discussion on these financing mechanisms, with participation from the UN Office of Legal Affairs (via VTC).

Discussion:

46. Several FBN members provided an overview of the innovative financing mechanisms they are pursuing or have in place, including the use of cryptocurrency, development impact bonds and guarantees for performance.

47. FBN members discussed some of the challenges associated with some innovative financing mechanisms such as impact bonds, and where some additional clarifications may be needed in terms of how to classify these instruments as a grant/loan/procurement; whether the verification providers would lead to another layer of oversight; the potential risks if the outcome results are not achieved; and ensuring that organizations have accountants with the right competencies to deal with complex financing instruments. It was agreed that it would be very helpful to exchange information across organizations and learn from the experiences of others as the UN starts to move from totally grants based funding to more innovative financing.

48. It was discussed that some organization are facing roadblocks from governing bodies with respect to innovative financing initiatives, and that UN organizations need to market themselves to demonstrate from a programmatic perspective they can add value above what a bank could provide, and also demonstrate that they are transparent and have the appropriate risk management elements in place.

49. The question was raised as to whether the outcome funders for these innovative financing mechanisms are traditional grant funders, noting that if organizations start to see traditional grant funding substituted by instruments such as impact bonds, this would result in traditional grant funders transferring their risk to the UN without an overall increase in funding. It was noted that this issue links to results based financing being proposed by traditional donors such as the EC and DFID, and that UN organizations should exercise caution to ensure that efforts towards more innovative financing are generating access to new funding sources in the private sector, rather than leading to corresponding reductions in traditional grant financing.

Conclusions and follow-up actions:

50. The FBN noted the impressive amount of work being done by some entities in the area of innovative financing and agreed that innovative financing is very much linked to how the finance function should change in the future. It was proposed to establish an inventory of innovative financing initiatives and structures already being pursued or in place in the UN system, so that those interested can learn from what others have done in order not to reinvest where others have already covered ground. The CEB Secretariat will consult with agencies that participated in the session to identify a lead organization(s) to proceed further.

VI. Presentations from the Panel of External Auditors Technical Group and Independent Audit Advisory Committee

Presenters: *Mr Damian Brewitt, UK National Audit Office; Mr. Praveen Kumar Tiwari, Additional Deputy CAG, International Relations; and Mr Jay Karia, Chair UNESCO Oversight Advisory Committee*

Documentation:

- ✓ *Letter from UN System Oversight Committees to Secretary-General, February 2019*
- ✓ *Letter from Panel of External Auditors to Secretary-General, December 2018*

Background:

51. The FBN has previously discussed the value of maintaining a direct dialogue with the audit and oversight community. As has been past practice, the FBN invited the Panel of External Auditors Technical Group and a representative of the Independent Audit Advisory Committee to attend the meeting.

Discussion:

52. The Panel of External Auditors Technical Group and a representative of the Independent Audit Advisory Committee presented to the FBN on current developments within their respective groups.

53. Mr Damian Brewitt, on behalf of the Panel of External Auditors presented an overview of the working methods of the Panel, the issues currently on the radar of the Panel and the issues that the Panel will be looking at going forward, which include the UN Reform agenda, fraud and fraud prevention, conflicts of interest, Accounting Standards, employee benefit liabilities including After-Services Health Insurance (ASHI) assumptions, implementing partners, Statements on Internal Control, results based management and cost control systems. It was noted that the Panel values the interaction with the FBN and the Task Force on Accounting Standards, and would like to increase the engagement, noting that in order to successfully carry out risk-based audits the Panel needs to understand the concerns and issues of the FBN organizations.

54. Mr Jay Karia, on behalf of the UN Independent Audit Advisory Committee, presented an overview of some of the key issues under discussion among UN oversight bodies including, among others, the funding of ASHI liabilities; the role of oversight committees and how they fit into the governance structure; cyber-security; continued commitment to

support UN System on the 2030 Agenda; investigative capacity within organizations and the need to address the culture of the organization.

55. A number of issues were discussed in detail. With respect to ASHI, it was noted that liabilities are escalating and are potentially unsustainable for those organizations with a Pay-As-You-Go approach. The issue of portability of ASHI benefits and liabilities in connection with the transfer of staff between UN agencies was also raised, noting that the ASHI Working Group of the FBN had considered whether the transfer, associated with inter-agency mobility, of ASHI liability from one agency to another justified the transfer of the corresponding funding of a portion of that liability by the releasing agency and, if so, whether a common formula could be developed to determine what portion of the liability should be funded. The Working Group concluded that agencies should accept the transfer of certain accrued health insurance benefits and entitlements, as well as of the ASHI liability, without the administratively onerous transfer of funding. This finding was supported by inter-agency mobility statistics which showed that any difference between the number of received and released staff members is immaterial when compared with the agencies' total workforces.

56. Risk management and zero tolerance to fraud was also discussed, where it was clarified that UN organizations cannot eliminate all risk, and that risk management can be used to prevent fraud, but not completely eliminate fraud risk.

57. Ongoing issues with IPSAS 23 and revenue recognition were raised by both the representative of the Panel and FBN members. UN organizations are concerned that revenue recognition under IPSAS 23 is resulting in financial statements that are not reliable and not providing an accurate picture of an organization's actual financial position. Concerns were also raised about seeming inconsistency in interpretation of IPSAS 23 across Panel members, having led to some organizations being required to frequently change accounting policies from one year to the next. In response to the discussion, the representative of the Panel acknowledged the concerns and noted that the Panel will make efforts to engage with the IPSAS Board, and could discuss with the Task Force on Accounting Standards the possibility of a common disclosure with respect to these issues.

58. FBN members also discussed the composition of the reports of the Board of Auditors, suggesting that consideration be given to providing assurance for management performance, adding more balance to the reports to also highlight positive findings and progress made, and to also take note of the business context in which these reports are issued, where an organization may be financially sound, while at the same time confronted with liquidity issues, or where reported ratios aggregate all different funding sources which is not meaningful when the sources are not fungible.

Conclusions and follow-up actions:

59. The FBN thanked the representatives from the Panel of External Auditors and the Independent Advisory Committee for their participation in the meeting, noting that it was a very valuable opportunity for a dialogue between the Network and the audit and oversight community and agreed that the Panel and the IAAC could have a standing invitation to attend sessions of the FBN as appropriate.

60. The representatives from the Panel and the IAAC agreed to take back to their respective bodies a number of issues that were raised during the FBN discussion, including strong concerns about IPSAS 23 severely impacting the usefulness of the financial statements; a plea for greater consistency in the interpretation of the IPSAS standards across Panel members as they are auditing UN organizations; and a request for the Panel to consider adding more balance to their reports, to highlight positive results in addition to other findings, and to also take into account the business context of the reports.

VII. HLCM Risk Management Taskforce

Presenter: *Ms. Chitra Narayanaswamy, Director (Controller), Department of Program Planning and Finance, WIPO*

Documentation:

- ✓ *CEB/2019/HLCM/15 – Draft framework for a risk management maturity model*
- ✓ *CEB/2019/HLCM/15/Add.1 – Reference Maturity Model for Risk Management in the UN System*
- ✓ *CEB/2019/HLCM/15/Add.2 – HLCM Risk Management Task Force Survey Results*

Background:

61. At its 36th session in October 2018, HLCM approved the Terms of Reference for a Cross-Functional Task Force on Risk Management. The Task Force was established to improve the overall harmony of risk management processes and practices in the UN system. Under the first phase of the planned work, the Task force developed a reference risk management maturity model. HLCM at its April 2019 session endorsed the model to be used as a management and communication tool to help UN organizations identify (i) their current maturity stage (ii) their target maturity stage; and (iii) to provide a basis for continual improvement.

62. The second phase of the work of the Task Force commenced in May 2019, to develop guidance on how a UN system organization may approach the establishment of key organizational risk management approaches, covering best practices for establishing risk appetite, embedding risk management, integrating with internal control management and establishing an organizational structure that supports robust risk assurance.

Discussion:

63. WIPO, as Co-Chair of the Task Force, provided an overview of the risk management maturity model (RMM) that was endorsed by HLCM, including the maturity stages and the dimensions. It was emphasized that the purpose of the RMM is not to compare UN organizations, rather to be used as an internal benchmarking tool to help organizations to identify their target maturity level and develop an implementation roadmap to achieve their target maturity. The Task Force is currently conducting several pilot self-assessments to test and validate the RMM before it is released for wider use in October.

64. An update was also provided of the three workstreams currently underway in the Task Force (Risk Appetite Statement; Embedding risk management; and Risk information

sharing) as well as the planned deliverables to be presented to HLCM at its upcoming session in October. The first two workstreams will involve the development of pragmatic “How-To” guidance, while the third stream will focus on a platform(s) or repository(ies) to enable sharing of best practices and information, including information on implementing partners. Two final streams may be considered at a later stage in Phase 2: Organizational structure and Internal Control Integration.

65. Some of the key success factors of the Task Force to date were noted, including wide, cross-functional, inclusive participation; taking a timebound, action-oriented approach with concrete achievable and deliverables; and adopting a pragmatic approach that is non-prescriptive.

66. FBN members discussed the importance of better linkage of internal controls to risk registers, and the associated challenges, as well as the importance of dialogue with funding partners on risk management, and in particular risk appetite.

Conclusions and follow-up actions:

67. FBN members welcomed the Risk Management Maturity Model and thanked the Task Force for the work done, noting that not all organizations will move at the same pace, but that all organizations can use the model as a roadmap to move from where they currently are to a more mature stage.

68. The Network noted that there is an imbalance between improvements made in risk management and controls, and the increasing scope of oversight, and it was agreed that when the next deliverables of the Task Force are presented to HLCM, it would be important to state clearly that the progress towards improving the risk management maturity in each of our organizations should translate to a relatively higher level of assurance and therefore a corresponding reduction in oversight, provided that organizations can demonstrate that what they have on paper in terms of controls and risk management policies is what is actually in place.

69. The FBN also agreed that it would be very important to discuss and exchange information on financial risk management and to explore further opportunities for system-wide collaboration in the areas of general insurance to cover risks, and with respect to a platform for exchanging information on implementing partners, where it was proposed to consider extending the UN Partner Portal system-wide.

VIII. Fraud

70. Due to time constraints this agenda item was deferred to the next meeting of the Finance and Budget Network.

IX. Working Group on Common Treasury Services (WGCTS)

Presenters: *Ms. Carmen Hett, Treasurer, UNHCR and Mr. Carlos Perrone, Treasurer, United Nations (Via VTC)*

Documentation:

- ✓ *Presentation from WGCTS*

Background:

71. Two new Co-Chairs of the WGCTS were appointed in 2019, Ms Carmen Hett of UNHCR and Mr Carlos Perrone of the UN Secretariat.

Discussion:

72. The new Co-Chairs of the WGCTS, Ms Hett and Mr Perrone, provided an overview of recent achievements of the Group, including achievements in FOREX, investment management, cash digitization, the compliance working group and banking services. Joint procurement for banking services has been completed in 31 countries, with 15 more countries in the pipeline, as well as three Master Banking Agreements. This exercise has resulted in efficient, secure and cost-effective banking arrangements across the globe with a reduction of banking fees by approximately \$3 million annually for UN Entities.

73. The Co-Chairs also gave an update on planned activities for collaboration and innovation, including, among others, joint risk assessments; assessing and reviewing collaborative approaches for long-term asset investment management; and assessing a joint approach for compliance with Anti-Money Laundering and Anti Counter Financing of Terrorism.

74. With respect to the strategic direction for the Group going forward, the Co-Chairs noted the priorities as:

- Reviewing integrated risk framework for treasury functional processes and related systems to further automate treasury management, including cyber security practices to protect systems and networks
- Assessing and reviewing best practices in cash management and associated transactional streamlining.
- Assessing the security and benefits of possible use of blockchain technology or the use of cryptocurrencies in the future
- Innovative financing approaches, including analyzing the benefits of Public and/or Private Partnerships, various investment structures, validation of pricing models and which financial instruments to obtain

Conclusions and follow-up actions:

75. The FBN recognized the excellent work of the WGCTS and congratulated the group on its achievements. When discussing priorities for the Group going forward, a number of proposals were put forward: Increased focus on innovative financing, noting that Treasurers can play a key role in helping organizations move away from grant financing to more innovative financing mechanisms, and that the skillsets of the WGCTS community should be leveraged to add value to our organizations; exploring improved mechanisms for transferring money into challenging locations such as Iran and North Korea; pursuing common policies on Anti-Money Laundering (AML) and terrorist financing; and looking at cybercrimes and related issues.

X. After-service Health Insurance (ASHI)

Presenter: *Mr Pedro Guazo, Director Finance Division, United Nations (via VTC)*

Documentation:

- ✓ *A/73/662 Report of the Secretary-General on managing after-service health insurance*
- ✓ *A/73/792 Managing after-service health insurance - Report of the Advisory Committee on Administrative and Budgetary Questions*
- ✓ *A/RES/73/279 B General Assembly resolution on managing after-service health insurance*
- ✓ *Summary table of ACABQ and GA recommendations*

Background:

76. With the publication of the recent report of the Secretary-General to the General Assembly on managing ASHI, the ASHI Working Group formally concluded its work. Considering the continued interest from many organizations on ASHI, this session included an update on the outcome of the ACABQ and General Assembly review of the recent ASHI report, and a discussion on actions that organizations may need to take.

Discussion:

77. The Chair of the former ASHI Working Group gave an overview of his suggestions for the way forward on the recommendations that came out of the General Assembly resolution on the Secretary-General's report on ASHI.

78. The first action is related to the proposal to implement an accrual mechanism for staff from 2022 – the General Assembly requested the Secretariat to submit a refined proposal to the 75th session in 2010. The UN Secretariat will be preparing calculations on behalf of the Secretariat, but also offered to assist other entities with their calculations related to the accrual mechanism, if considered helpful.

79. The second action noted is for the FBN Task Force on Accounting Standards (TFAS) to consider which assets can be ring fenced or used to offset the ASHI liability, to address some misunderstanding from Member States such as thinking that buildings can be used to offset liabilities. The TFAS will work to leverage the knowledge of those who have already put assets in place to offset the liabilities

80. The third action is for UN system entities to take further action regarding standardization of eligibility criteria that could help mobility of staff, and this raised the question from the June 2018 FBN meeting as to whether an Insurance Group should be established to carry forward issues such as this. It was clarified that this relates only to harmonization of eligibility criteria, not to the transfer of funding with the transfer of staff from one UN organization to another. On the latter, the Working Group had concluded, based on analysis of inter-agency mobility statistics, that agencies should accept the transfer of certain accrued health insurance benefits and entitlements, as well as of the ASHI liability, without the administratively onerous transfer of funding.

81. During the discussion, FBN members noted that many Member States are still looking for containment measures for the growth of the ASHI liability, and that it would be important for the FBN to keep ASHI on the agenda for the foreseeable future. The issue of funding the ASHI liability was also discussed, with some entities still following a Pay-As-You-Go (PAYG) approach. The FBN noted with concern the risk of carrying unfunded ASHI liabilities, referring to an example where one organization is seeing the actual impact of PAYG and is unable to cover the ASHI bills, so will be billing its Member States. The FBN recommended that wherever possible, organizations should accrue funding for future ASHI costs within extra-budgetary projects.

82. It was noted that the last system-wide survey on funding of ASHI liabilities was conducted in 2014, and the FBN agreed to update the survey results this year through the TFAS and every two years going forward, with an added question on what is the percentage that each entity includes in standard staff costs for ASHI.

83. A question was also raised about whether the ASHI Working Group had analyzed the cost saving measures that had been proposed by the governing body of WTO. It was clarified that the Working Group had decided that it would not review the benefits of each plan as it was not within the scope of the Group's TOR to standardize benefits. WIPO volunteered to review the proposals of the WTO governing body to identify if there are any cost containment proposals that could potentially be useful to other UN organizations and to report back to the FBN in that regard.

Conclusions and follow-up actions:

84. It was agreed that the issue of cost containment for ASHI remain on the FBN agenda for the foreseeable future, as this is an issue that is still being pursued by Member States.

85. The FBN agreed that the survey conducted in 2014 on ASHI liabilities in each organization be updated as at 31 December 2018, and that this update will be carried out through the Task Force on Accounting Standards. It was proposed that this update then be carried out by the CEB Secretariat every two years. When discussing the issue of funding ASHI liabilities, the FBN expressed concern at the risks of having large unfunded liabilities, with Pay-As-You-Go models already proving to be unsustainable for some entities.

XI. Any other business and conclusions

a) Update on ICSC ongoing review of allowances

86. Mr Michael Rosetz, Senior Advisor for the HLCM Human Resources Network, provided an update on the ICSC ongoing review of allowances, as well as the recent judgement of the ILO Tribunal on Geneva post adjustment. The FBN thanked the HR Network for the update, and agreed that as a matter of principle, the FBN should be consulted by the HR Network or other HLCM networks before any decisions or new policies that have financial implications are approved.

b) Date and venue of the the 35th session of the Finance and Budget Network

87. FBN members agreed to hold the 35th session of the Network in the week starting 6th July 2020, with several proposed locations discussed including Montreal (hosted by ICAO), Nairobi (hosted by UNON) or New York (hosted by UNDP). The confirmed location is Montreal, hosted by ICAO.

Annex I – List of participants for regular session (17-18 July)

**Co-Chairs: Ms. Chitra Narayanaswamy (WIPO)
Mr. Darshak Shah (UNDP)**

Organization	Name and Title
FAO	Mr. Bill Marvin Head, Financial Operations Group Finance Division
IAEA	Mr. Tristan Bauswein Director, Chief Financial Officer, Division of Budget and Finance, Department of Management
ICAO	Ms. Monica Hemmerde Chief, Finance Branch / CFO
	Ms. Lynette Lim Chief, Financial Services Section
IFAD	Mr. Advit Nath Director and Controller, Accounting and Controller's Division, Financial Operations Department
ILO	Mr. Adnan Chughtai Chief, Budget and Finance Branch
IOM	Mr. Joseph S. Appiah Director of Department of Resources Management (DRM)
	Ms. Andrea Verhas Chief of Accounting and Financial Reporting
	Ms. Paola Buso Senior Finance Policy Officer, Accounting Division, DRM
	Ms. Ilze Noble Resource Management Coordination and Support Officer
ITU	Mr. Alassane Ba Chief, Financial Resources Management Department
UN	Mr. Chandramouli Ramanathan Assistant Secretary-General, Controller
	Mr. Pedro Guazo (Via VTC) Director Finance Division
	Ms. Sophie Veaudour Chief Finance, UNOG
	Mr. Carlos Perrone (via VTC) Treasurer
	Mr. Andreas Vaagt (via VTC) Office of Legal Affairs
	Ms. Shoba Pala-Krishnan (via VTC) Office of Legal Affairs
UNDP	Mr. Darshak Shah Chief Financial Officer
	Ms. Helen Hall Chief Financial Performance Management and Reporting
	Mr. Pierre Harzé Deputy Director United Nations / United Nations Development Programme Representation Office in Brussels
UNEP	Mr. Moses Tefula

Organization	Name and Title
	Chief, Budget and Finance
UNESCO	Mr. Khisty Amol Chief of Finance and Accounting services
	Mr. Iwao Motoyama Chief Budget, Monitoring Reporting Section
	Ms. Filsete Girma-Legesse Management and Operations support Officer
UNFCCC	Ms. Juleka Rajah Chief of Financial Resources Management
UNFPA	Ms. Iva Goricnik Chief, Resource Planning and Budgeting Branch
UNHCR	Mr. Hans Baritt Controller and Director, Division of Financial and Administrative Management
	Mr. Conor O'Neill OIC for the Accounts and Finance Service (Budapest)
	Ms. Carmen Hett Treasurer
UNICEF	Mr. Thomas Asare Comptroller & Director, Division of Financial and Administrative Management
	Mr. Paradzai Nematadzira Senior Adviser, Office of the Comptroller
UNIDO	Ms. Liliya Sydorenko Chief of Budget, Department of Finance
UNODC	Mr. Polinikis Sophocleous Chief, Financial Resources Service, Department of Management
UNRWA	Mr. Shadi El-Abed Director of Finance
UNWTO	Ms. Monica Gonzalez Chief, Budget and Finance
UN Women	Mr. Moez Doraid Director, Division of Management and Administration
	Ms. Donna Grimwade Deputy Director of Financial Management, Division of Management and Administration
WFP	Mr. Robert van der Zee Director, Finance and Treasury Division
WHO	Ms. Jane Stewart Comptroller and Director, Department of Finance A.I
	Mr. Sushil Rathi Head, Accounts and Financial Reporting
	Mr. Randy Baclig Finance Analyst

Organization	Name and Title
WIPO	Ms. Chitra Narayanaswamy Director (Controller), Department of Program Planning and Finance
	Ms. Magdi Bona Assistant Controller
	Ms. Janice Cook Robbins Director, Finance Division
	Ms. Maya Bachner Director, Program Performance and Budget Division
	Mr. James Mattana Head, Expenditures Section
	Mr. Stephen Shepherd Head, Financial Reporting Section
WMO	Mr. Brian Cover Chief, Finance Division
WTO	Mr. John Breckenridge Financial Controller, Performance Management
ICGEB	Ms. Maria Luisa Fichera Chief, Legal & Administration
OSCE	Mr. Andrew Carine Chief, Accounts Unit
UN Panel of External Auditors	Mr. Damian Brewitt UK National Audit Office
	Mr. Praveen Kumar Tiwari Additional Deputy CAG, International Relations
IAAC	Mr. Jayant Karia Representative UN Independent Audit Advisory Committee/Chair UNESCO Oversight Advisory Committee
UNSDG Business Innovations Group	Mr. Robert Turner Project Team Leader, Business Innovations Group
	Mr. Stephen Ingles Team Leader, Finance, Business Innovations Group
CEB Secretariat	Mr. Remo Lalli HLCM Secretary, Chief CEB Secretariat Geneva
	Mr. Michael Rosetz Senior Adviser, Human Resources
	Ms. Laura Gallacher Inter-Agency Officer, Finance and Budget Network
	Mr. Francesco Sansoni Associate Expert
PwC	Mr. Antoine Berthaut Director in charge of management consulting in Geneva

Annex II –Future of Finance workshop – Outputs and call to action
(Refer to attached PDF document)



Future of Finance workshop

Outputs and call to action

July 2019



Introduction and content



Antoine Berthaut
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Clare Richardson
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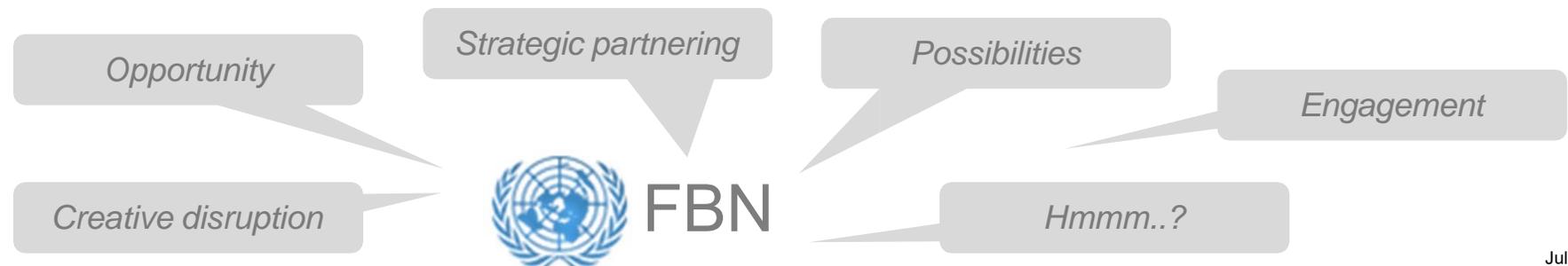
We would like to thank you for the opportunity to facilitate your Future of Finance workshop, accompanying you at this critical junction for the Finance and Budget Network (FBN).

We were struck by the energy and commitment shown by the FBN to tackling the challenges. The presentations from Robert van der Zee (WFP) and Hans Barritt (UNHCR) gave glimpses into how this network can learn and build from one another over the coming months.

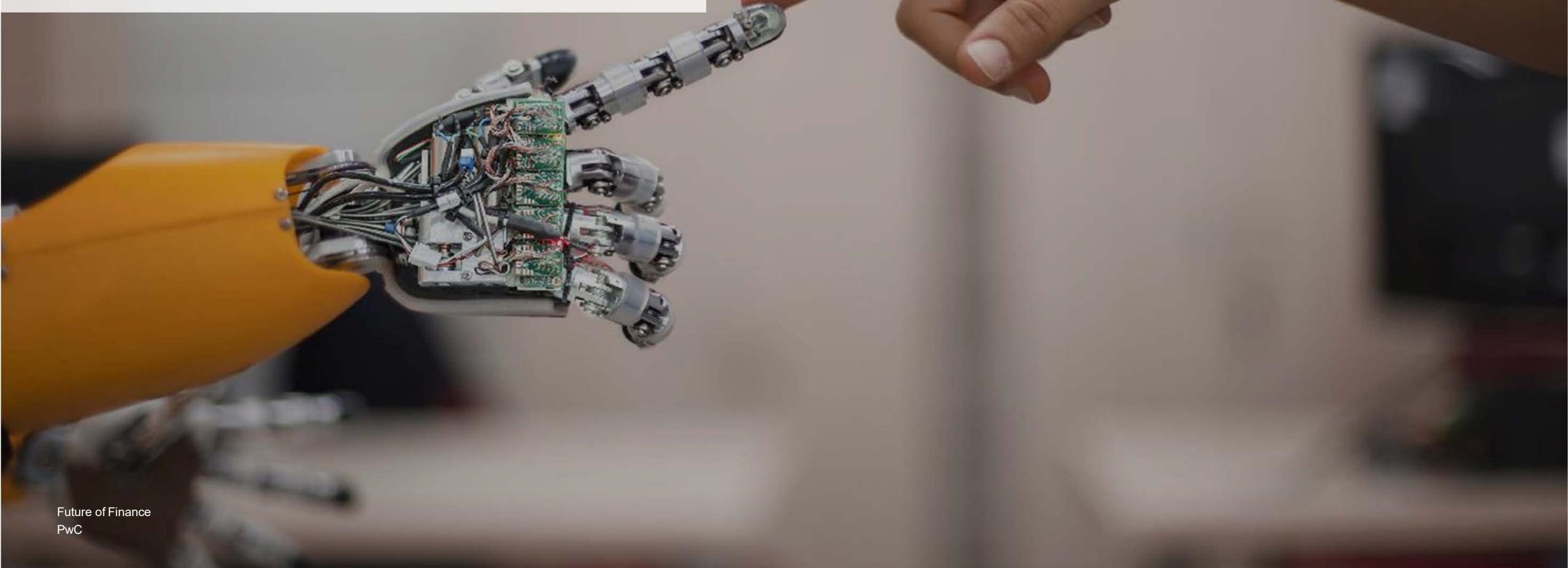
The slides that follow include:

- a recap of some of the up front presentation on the “*Disruptors impacting the Finance function*”, and
- the output from the workshop discussion, reporting the impact themes and actions proposed by the FBN
- an attempt by PwC to bring it all together.

If anything is unclear or you would like further input from the facilitation team, please to get in touch.

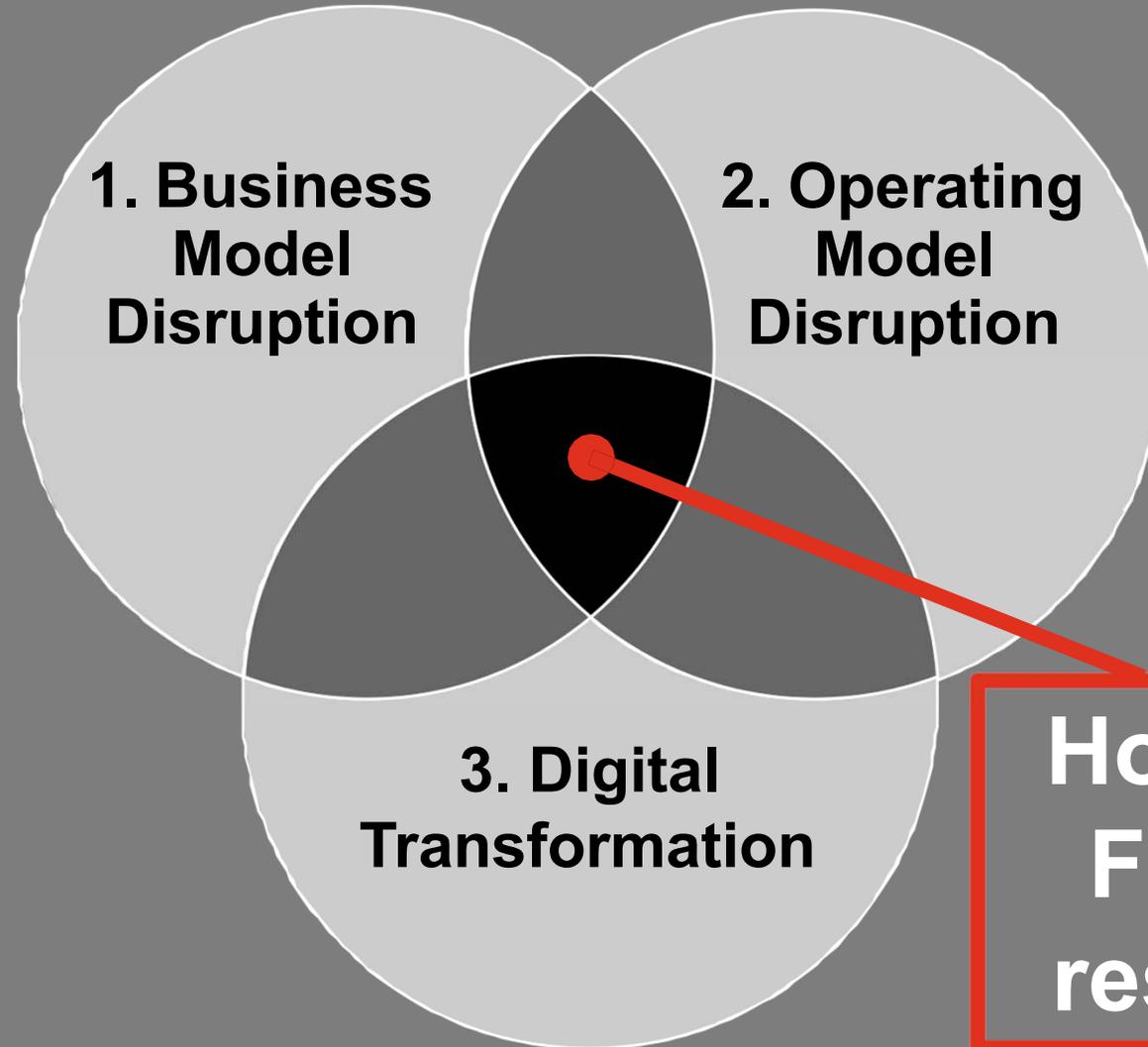


Recap of the disruptors impacting on the Finance Function



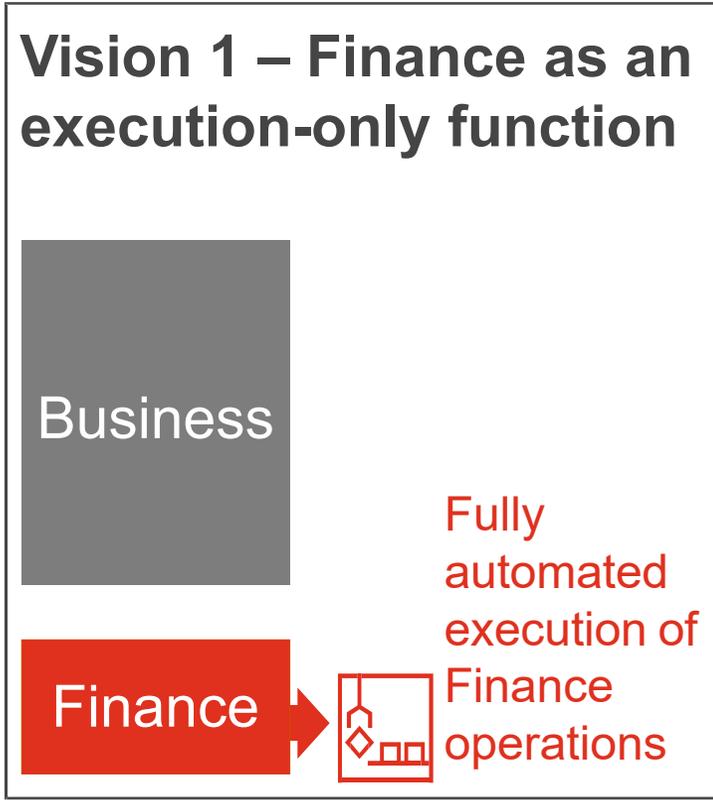
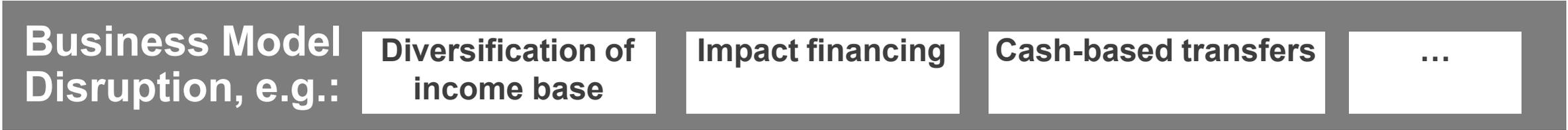
3 major disruptors are impacting the finance function

*A comprehensive Finance strategy requires a response to each of these trends.
During the workshop we considered the impact of and response to each of these disruptors.*



How does Finance respond?

Changing Business Models & the role of the Finance Function



Organisational change - Finance is not the only function to change.

UN-wide reform
 Shared services
 Common premises
 Administrative activities at country level



Agency Level transformation
 Delivery Model
 Ways of working
 Core process reengineering



Finance Operations
 5x Smaller
 Today vs Tomorrow

Centres of excellence
 5x Larger
 Today vs Tomorrow

Corporate Centre
 3x Smaller
 Today vs Tomorrow

Business-located Finance
 2x Smaller
 Today vs Tomorrow

Transformation focus areas (non exhaustive)	Geneva-based UN agencies										Other UN						International organizations		
	WHO		ILO	ITU		WIPO	WMO		UNHCR		FAO	UNDP		UNFPA	UN Secretariat		UNICEF	IOM	TGF
	18-19	12-15	13-14	18	12-15	10-13	18-19	12-15	18	15	12-15	18-19	12-15	12-15	18-19	12-15	12-15	12-15	12-15
Governance		●	●		●		●	●			●		●		●	●			●
Mandate		●											●	●		●	●	●	
Strategic positioning	●	●	●	●		●				●	●	●	●	●	●	●	●	●	●
Partnerships	●	●								●	●		●	●		●	●		●
Programs prioritization	●	●	●					●	●	●		●	●			●			
Financing (incl. RM)	●	●		●	●		●					●	●	●	●	●	●		
Delivery model	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Regionalization	●									●					●	●	●	●	●
Shared Services Centers		●	●							●	●				●	●			
Expertise hubs	●							●	●	●		●	●		●	●	●		
Organizational structures	●				●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Culture	●					●													●
Performance management		●	●		●	●		●		●		●	●		●	●	●	●	●
ICT transformation	●	●			●	●		●	●	●		●	●		●	●	●	●	●
Monitoring and Evaluation		●									●	●			●				●
Reform independently evaluated (Y/N)		●									●								●

There's a perfect storm of opportunity, enabled by technology for Finance to meet these changing needs of the business and workforce.



Predictive Controls



Real-time Reporting



Digital Twinning



Cloud-based ERP



Intelligent Insight



Information Anytime, Anywhere



Robotic Process Automation

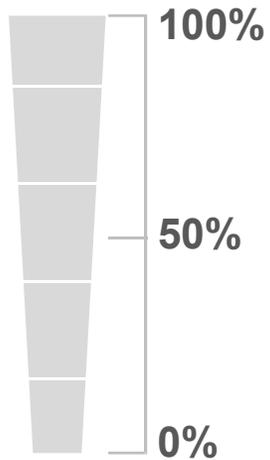
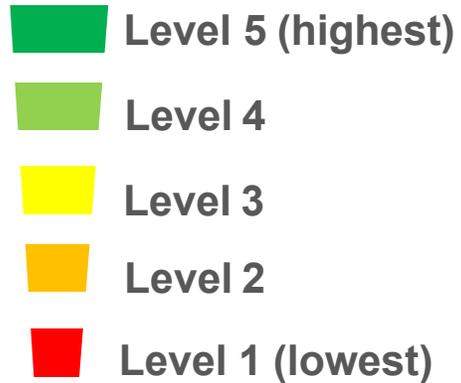


Machine Learning

How CFOs across the UN system view the Digital Maturity of their function

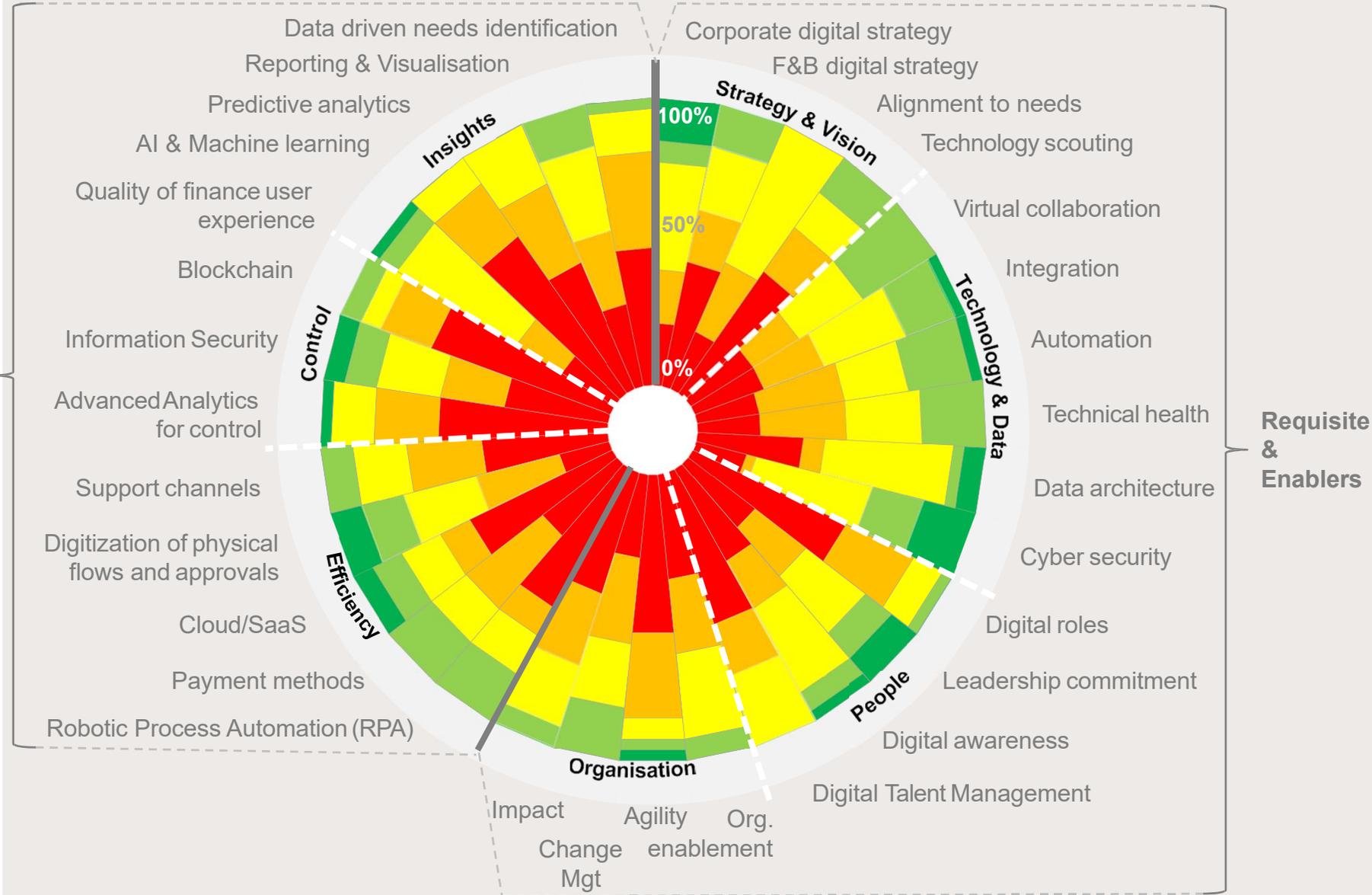
Digital

Maturity Levels



Source: survey of UN Finance and Budget Network members organised in July 2019 (23 UN entities and 27 answers).
 Future of Finance
 PwC

Digital in Finance & Budget Processes



How CFOs across the UN system view the Digital Maturity of their function

Digital

Stronger points:

- Digital as part of corporate Strategy
- Technology
- Cyber & information security
- Leadership commitment
- Efficiency related enablement



How CFOs across the UN system view the Digital Maturity of their function

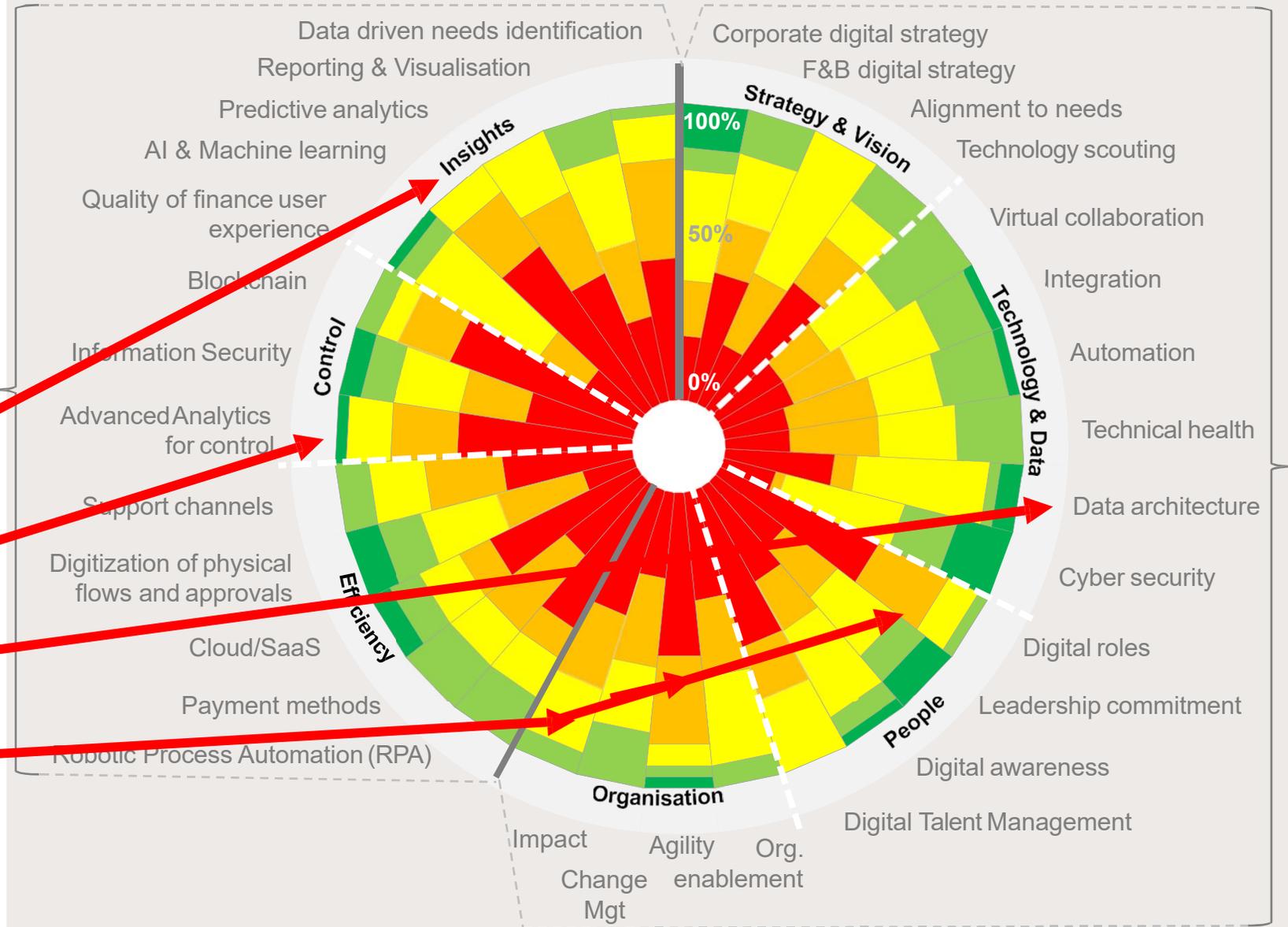
Digital

Stronger points:

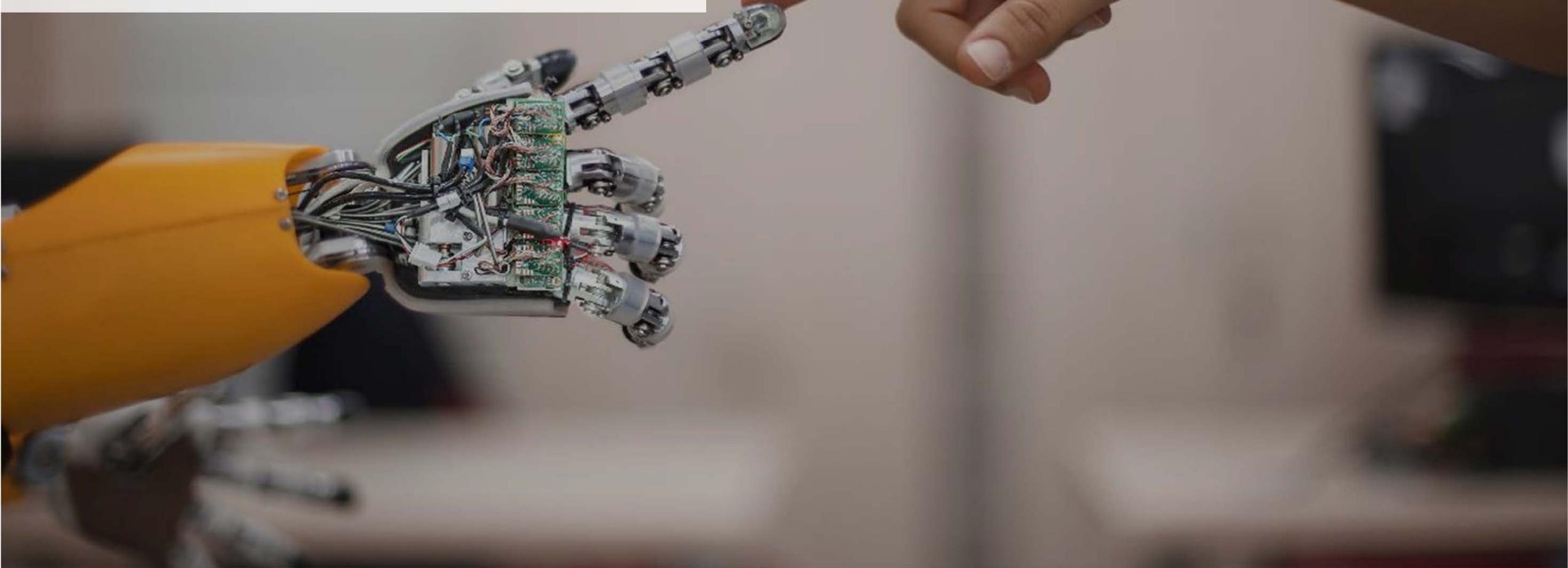
- Digital as part of corporate Strategy
- Technology
- Cyber & information security
- Leadership commitment
- Efficiency related enablement

Weaker areas:

- Insight
- Control
- Data
- People & Organisation incl. impact assessment, agility, digital roles, talent management



Workshop discussions



During the workshop, we considered these three “disruptors” and the impact on the Finance Function “work”, “workforce” and “workplace”



1. Business Model

e.g.

- Role of Finance as a business enabler
- New financing and business models
- Business partnering and insight
- Finance moving to the front line



2. Operating Model

e.g.

- Centralisation vs. decentralisation
- Evolving scope of the function
- Collaboration and agility
- Back office consolidation (incl. outsourcing)



3. Digitalisation

e.g.

- The rise of intelligent automation and other critical emerging technology of relevance to the finance function

Through the workshop we explored how these “disruptors” are impacting...

... the work, workforce and workplace of F&B

A. Work – what needs to get done

- F&B strategic positioning and mission
- F&B services and products
- Nature of F&B’s work
- Other...

B. Workforce – who does the work

- Workforce model (in/out-sourcing and employment models)
- Job, roles & responsibilities
- Competencies and skills
- Other...

C. Workplace – the environment in which this takes place

- HR policies and practices, e.g. duty of care and talent management
- Tools and technology
- Geographical locations and offices
- Culture
- Other...

Participants worked in groups to answer focused questions

01

Put yourself in the year 2025 what **impact** have [Digitalisation; Organisation transformation; Strategic Finance] had on the work, workforce and workplace of the F&B functions in the UN system?

02

With this in mind, what **actions** should UN agencies take (individually or collectively) to respond to these disruptors, in the areas of work, workforce and workplace?

Focused questions to derive...

...targeted outputs:

01

Clear **impact statements** that represent the shared perspective of the FBN on the outlook for the F&B function by 2025.

02

Co-defined actions for how the FBN would propose to address the challenges/opportunities presented.

Groups recorded **impact statements** that represented their shared perspective on the outlook for the F&B function by 2025 – what will start, stop and continue

Groups captured **key actions** that they felt the FBN community should take.

Actions typically fall into one of 5 collaboration categories:

- Limited/no collaboration
- Sharing of assets and accelerators
- Interoperability/ common norms and standards
- Service provision
- Co-design & Delivery

The screenshot shows a survey tool interface with a table structure. At the top, there are three rows of input fields for 'Disruptor:' and 'Table #:'. The first row is labeled 'Workplace', the second 'Workforce', and the third 'Work'. The table has four rows of impact categories: 'Impact on Strategic Positioning of F&B function', 'Impact on F&B Services and Products', 'Impact on nature of F&B work', and 'Other Impacts'. Each of the first three rows has three columns: 'Start' (yellow), 'Stop' (pink), and 'Cont.' (green). The 'Other Impacts' row is empty. Below the table, there is a section for '2-3 actions to consider taking individually or collectively' with two 'Action' (yellow) columns.

Participants identified 12 imperatives and called for a rethink of Finance work, workforce and workplace

Consolidated impact assessment

Work

- 1. Expanding scope** of Finance and Budget services
Moving away from traditional accounting, towards more in e.g. risk management, donor and funder interactions, resource allocation
- 2. Changing focus** of the Finance and Budget function
Moving into a strategic partnering role, with closer proximity to program delivery and organizational performance and business objectives
- 3. Increasing importance of data analysis and insight generation**
“we need to stop counting numbers and start making numbers count”
- 4. Need to reduce burden of transaction processing and demonstrate value for money**
Requires a review of all “administrative” functions, HR, Finance, Procurement

Workforce

- 5. Changing skills** needed in the Finance and Budget function
New profiles could include e.g. FinTech, data scientists, psychologists, engineers
- 6. Changing workforce models**
Shifts could include increases in use of consultants, temporary staff, virtual and mobile working, and reduction in long term contracts
- 7. A need to engage and enable a change mindset**
Supporting staff motivation and empower staff to adapt to the new environment
- 8. Need to redress talent management strategies**
More effective recruiting and deploying staff, attracting talent from new sources (e.g. Universities), and focusing performance and reward on organizational goals
- 9. Need to focus on training and upskilling as a strategic priority**

Workplace

- 10. Workplace will need to create an enabling environment**
Workplace arrangements will need to facilitate, e.g. flexibility and agility
- 11. Workplace will need to facilitate virtual working**
Designed to enable virtual networking
- 12. Workplace will need to embed digital solutions**
Introduction of robotics and automation of processing

Many suggestions were made for action to take, we can categorise these into one of five collaboration models

Benefits & change impact

Collaboration models	Finance work	Finance workforce	Finance workplace
1. Agency level only/ Limited collaboration between agencies	<ul style="list-style-type: none"> Focus more on analytical capabilities and deliverables Connect with internal and external stakeholders to understand needs and establish a partnering relationship 	<ul style="list-style-type: none"> Prepare a transition plan to effectively manage change and engagement Inform and upskill management and workforce in priority areas, e.g. digital and financial management 	
2. Sharing of assets and accelerators between agencies	<ul style="list-style-type: none"> Document and share existing digital assets and use cases developed by agencies Consider benchmarking exercises across UN system, similar to WFP 		
3. Service provision from one agency to another	<ul style="list-style-type: none"> Look to consolidate some processing across geographies/ agencies (e.g. payroll) 	<ul style="list-style-type: none"> Establish pools of talent to be drawn from by all UN agencies Facilitate talent mobility / secondments between agencies Establish common training opportunities 	
4. Common norms and standards, mutual recognition, Interoperability	<ul style="list-style-type: none"> Consider a common Finance and Budget maturity model Create a catalogue of F&B services (e.g. for program managers), introducing performance metrics 	<ul style="list-style-type: none"> Develop new Finance and Budget function role profiles Review HR policies to effectively manage changing workforce models Review UN incentives structures, e.g. rewarding and recognizing innovation Develop strategies for attracting e.g. millennials and recruiting from universities 	<ul style="list-style-type: none"> Engage HR Network in drive for more agile and flexible workplace based on a rehailed HR policy framework Improve communication and speak with one voice, e.g. on UN data cube
5. Co-design & Co-Delivery through consortium or joint programmes	<ul style="list-style-type: none"> Generate a vision and roadmap for UN Finance and Budget functions Design and establish UN CoEs for the Finance and Budget Functions to leverage, e.g. a Digital Finance CoE 	<ul style="list-style-type: none"> Embrace training and upskilling/ reskilling as a strategic priority within the FBN 	<ul style="list-style-type: none"> FBN should host a digital information sharing platform to collaborate on digital solutions

Summary call to action

A series of overarching initiatives emerged, which can benefit from cross-agency collaboration

“CFOs can become SDG business partners”

- Should finance be a source of truth for certifying SDG implementation?

- 1. Generate a vision and roadmap for UN Finance and Budget functions**
Common tools such as maturity model and benchmark for UN Finance and Budget functions to navigate and steer their transformation efforts
- 2. Design and establish UN CoEs for the Finance and Budget Functions to leverage**
This can help remove siloes, introduce efficiencies and provide a mechanism for advancing impact notably for agency which may not have enough of a critical mass
- 3. Embrace training and upskilling/ reskilling**
Particularly on digital topics on which the FBN can be champions, but management must lead by example. A focus on culture may be key here.
- 4. Collaborate with partners across Functions**
HR is a critical enabler (e.g. workforce models, talent management, training), as is procurement. Collaboration across UN networks is important to address the challenges faced.

Words chosen to reflect the mood:

Hmmm..?

Finance as a strategic partner

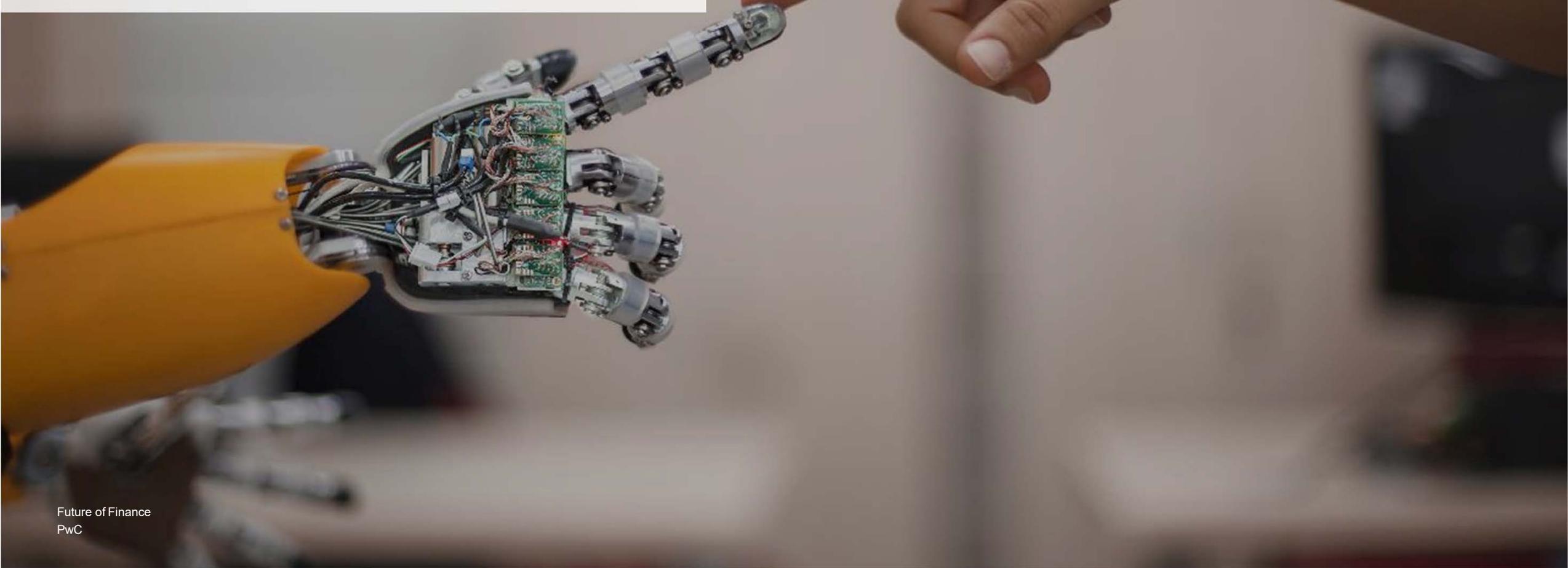
Need for engagement – for our staff and for ourselves across the system

Opportunity

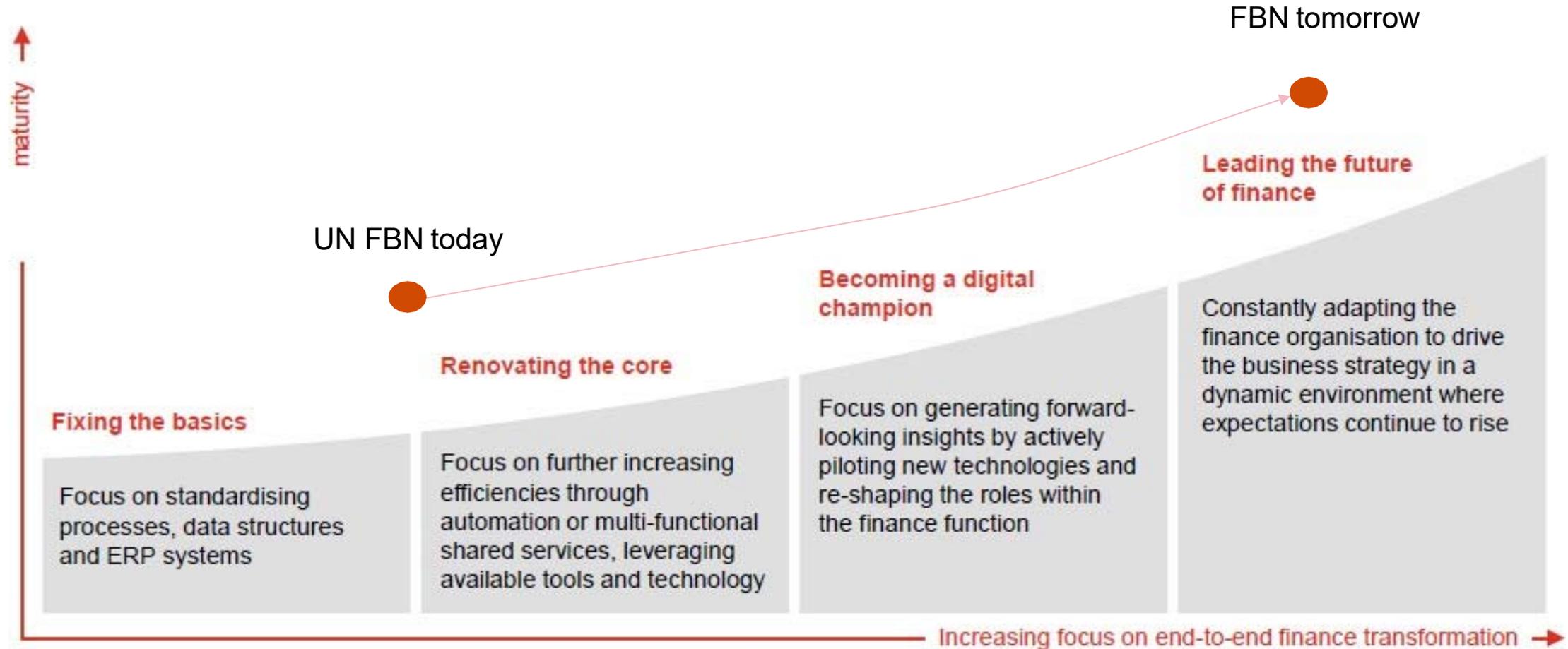
Creative destruction

Possibilities

Final reflections



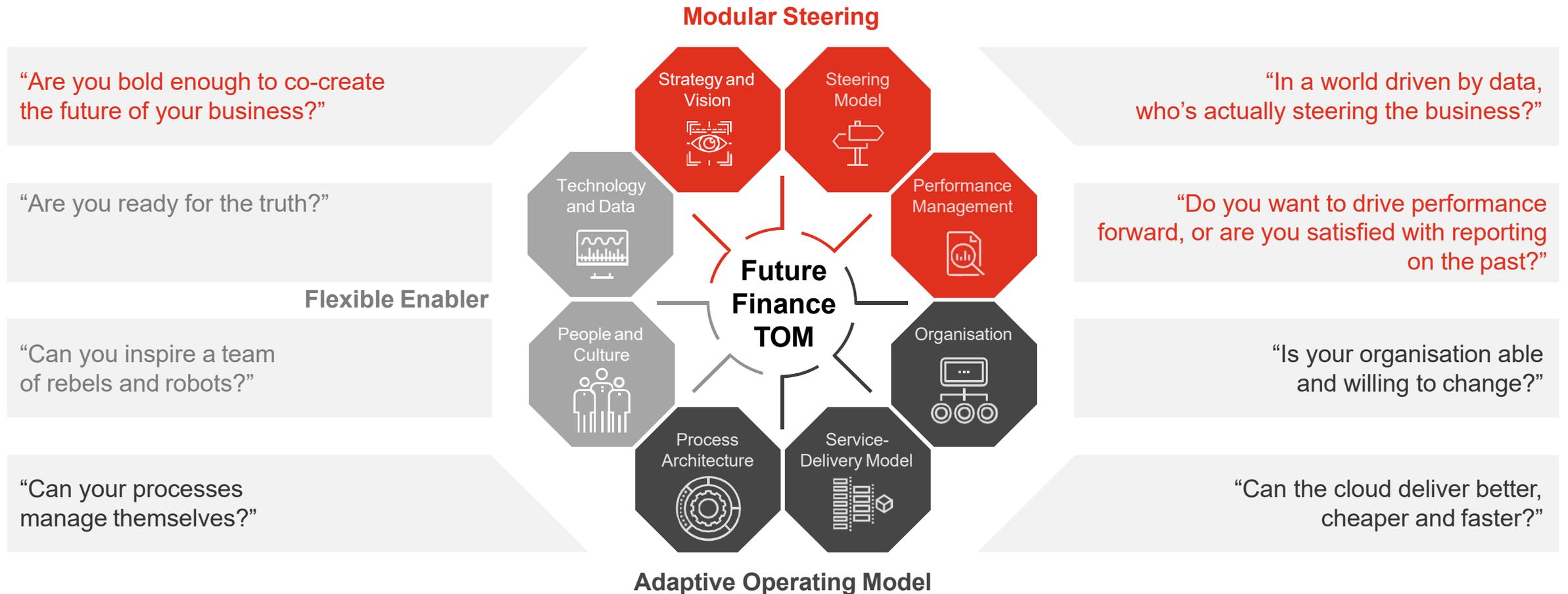
UN Finance and Budget functions need to move up the maturity curve



Adapted from *Future of Finance: Will the finance function even exist in the future?* PwC

To define the future Finance & Budget function, CFOs reflected on the elements of the Finance operating model.

It starts with looking at Finance and Budget strategy and vision.



CFOs will bring it all together through leadership and collaboration

Five fundamentals building blocks of a Finance & Budget function strategy.

Step 1

What type of Finance function suits your institutional strategy and objectives?



Step 2

Five fundamentals touched on during the workshop



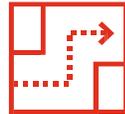
1. The role of Finance

Do you want to be in the engine room or on the bridge?



2. Augmenting the Finance professional through technology

Are you willing (and able) to take short-term pain in exchange for long-term gain?



3. The Finance operation

Do you want full oversight and control, or are you willing to outsource (Shared Service Center or third party)?



4. The Finance professional's skillset

How do you give your people the tools they need to thrive in the future finance & budget function? The upskilling agenda



5. Finance's use of business data

How will you integrate data into your Finance function: finance-only or all business data?

Step 3

Compare blueprint with institutional level strategy to identify gaps.

Implement in agile, collaborative and incremental ways



Throughout

Consider cross-agency collaboration *by design* from the onset

Thank you

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- 20 year experience in strategic, organizational and technology alignment

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- Leads our Intelligent Automation practice and has a strong focus on Cognitive Solutions.
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- Leads our "Future of Finance" offering and Finance Effectiveness practice in West Switzerland
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