

**REPORT OF THE EIGHTY-SECOND SESSION OF
THE CONSULTATIVE COMMITTEE ON ADMINISTRATIVE QUESTIONS
(FINANCIAL AND BUDGETARY QUESTIONS)**

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Introduction

1. The Consultative Committee on Administrative Questions held its eighty-second session on financial and budgetary questions from 13 to 17 February 1995 at the Headquarters of the International Maritime Organization in London. Mr. Daniel Daly (UNESCO) was Chairman and Mr. Olivier Tayar (ICAO) was Vice-Chairman. The agenda adopted by the Committee, which also lists the documents submitted, will be found in annex I. A list of the participants appears in annex II.

2. At the opening of the session, the Committee was addressed by Mr. A. Adib, Acting Secretary-General of IMO, who emphasized that, with the economic difficulties of many member States, the United Nations system had an even greater responsibility to use the resources provided efficiently and effectively. The work of CCAQ(FB) was particularly important in achieving this objective. He wished the Committee success in its work and welcomed it to the IMO.

PART I - Matters to be brought to the attention of the Administrative Committee on Coordination

Programme and budget

Proposed programme budgets for 1996-1997 for jointly-financed bodies

3. In accordance with standing arrangements, the Committee reviewed the proposed programme budgets for 1996-1997 for the **International Civil Service Commission (ICSC)**, the **Joint Inspection Unit (JIU)**, and the secretariats of the **Consultative Committee on Programme and Operational Questions (CCPOQ)**, the **Consultative Committee on Administrative Questions (CCAQ)**, and the **Information Systems Coordination Committee (ISCC)**. The programme budgets for the ICSC had still to be reviewed by the ICSC and by CCAQ(PER), and that of the ISCC by the ISCC itself.

4. In examining the budgets, the Committee recalled the general considerations of financial policy which had guided its review of budgets for jointly-financed bodies for some time, and which continued to be relevant, namely that of zero real growth in budgets, and where feasible, reductions in budget levels. It also took account of the comments it had made during its examination of the programme budgets for 1994-1995 for these jointly-financed bodies, and the extent to which these comments had been taken into account in the proposed programme budgets for 1996-1997. With these considerations in mind, the Committee recommended, on behalf of ACC,

a number of decreases in the proposed programme budgets, and draws ACC's attention to these, which are detailed in paragraphs 19 to 33 below.

Payment of salaries and allowances

Currency of salary payments: Abolition of the standard formula

5. At its last session, the Committee had expressed concern about the growth in number and complexity of exceptions to the standard formula for payment of salaries of internationally recruited officials. The standard formula provides, in summary, that, for the salary elements of net base salary, post adjustment, assignment allowance and children's allowance, a minimum of 30 per cent is paid in the currency of the duty station. The Committee had accordingly requested its secretariat to consult with CCAQ(PER) and with organizations on the personnel and other implications of abolishing the standard formula, and to report to the Committee at the present session on the possibilities of doing so.

6. The International Civil Service Commission (ICSC) had indicated that such action would have no impact on the post adjustment, and CCAQ(PER) that there seemed to be no objection from a personnel policy point of view. Organizations with substantial receipts in local currency believed that there was no longer any reason to maintain the system. The reasons for which the system was originally set up thus no longer existed. In examining the proposal, many participants also emphasized the administrative efficiencies which would be achieved in both the personnel and financial areas should the system be discontinued.

7. **The Committee accordingly decided that, in these circumstances the system should be abolished.** It requested its secretariat to prepare a draft circular which could be used by all organizations to notify staff, and suggested that the implementation date of the change should be 1 April 1995, subject to the ability of all organizations to be able to implement the decision on the same date. The Committee also reviewed the exceptions to the standard formula which had been approved by the United Nations and UNDP since its last session, noting that, in view of the above decision, this would be the last review of this type. Details of the exceptions are given in paragraphs 38 and 39 below.

8. The Committee then turned to the issue of convertibility of local currency upon departure of a staff member from a duty station since this was closely linked to that of obligatory payment of a portion of salary in that local currency. With the abolition of the latter, the Committee believed that there might no longer be a reason to maintain all the special provisions concerning convertibility and requested that CCAQ(PER) review

this matter at its next session in order that CCAQ(FB) might examine the matter again at its 1995 autumn session.

Organizational questions

Time and place of the next session

9. The Committee recalled that its autumn session was normally held in a North American city, and accepted the kind invitation of the United Nations to act as host in New York for its forthcoming eighty-third session.

10. As regards the dates of the session, participants were advised that the dates for the autumn meetings of ACC and the Organizational Committee were not yet decided. In the context of the celebration of the 50th Anniversary of the United Nations and the availability of meeting rooms in the United Nations, it would however be preferable if the Committee's session were to be scheduled in the week beginning 28 August 1995. The Committee accordingly agreed that its eighty-third session would best be held in that week.

PART IIA - Action taken and decisions adopted by the Committee

Programme and budget

Budgeting methods

11. As requested at its last session, the Committee was advised by its secretary of progress made on the production of the updated version of Volume II of the JIU study entitled "Budgeting in Organizations of the United Nations System". It was expected that the document would be produced in late March or early April 1995 and would, as agreed by the Committee at its last session, incorporate data on incentive and penalty schemes which had formerly been reported to the Committee in a separate paper. The Committee decided that the document could be issued without further review by organizations except in cases where submissions had been edited by the secretariat to conform to the format of the document.

Rates of exchange and inflation for Switzerland in 1995, 1996 and 1997

12. The Committee noted, and endorsed on behalf of ACC, the conclusions reached at a meeting held on 16 September 1994 by organizations having their headquarters or major offices in Geneva to consider the rates of exchange and inflation to be assumed for Switzerland in 1995, 1996 and 1997 for proposed budgets for 1996 and 1997. The Committee was informed that the UPU had confirmed that the rate of increase assumed for postage continued to be valid.

Cost-sharing arrangements

The JIU formula

13. At previous sessions, the Committee had extensive discussions on methods of determining expenditure for the purpose of developing a scale ("The JIU formula") for sharing the costs of some of the jointly-financed activities (presently, JIU and the secretariat of CCPOQ), and had agreed, at its last session, on a new methodology for so doing. At the same time, the Committee had agreed that the old methodology for determining expenditure should be used to share the costs of JIU in 1994, and that the new methodology for determining expenditure should be used for sharing the costs of JIU starting in 1996, and of the secretariat of CCPOQ starting in 1994. It had not however reached agreement on the methodology to be used for determining expenditure for sharing the costs of JIU in 1995. As requested, the Committee now had before it indicative percentage shares using both methodologies to assist it in taking a decision on this matter.

14. Participants from organizations which would be paying higher contributions stated, as in previous discussions, that there was no provision in their budgets for such increases in 1995. After discussion, the Committee agreed that, as a transitional measure, 50 per cent of the changes in percentage shares which result from the application of the new methodology should be applied in 1995. The percentage shares which would be used to distribute the 1995 costs of JIU would thus be an average of those arrived at under the old and new methodologies.

Salary survey activities

15. At its last session, the Committee had examined the formula used for jointly-financed salary survey activities and, while agreeing to the retention of the existing formula for 1994, had expressed concern about the lack of clarity in the formula. The Committee had considered that there was no comprehensive indication of the

indirect contributions of organizations in the form of salary surveys undertaken and of posts financed; there was thus no way of evaluating the relative weights given to these indirect contributions in arriving at the adjustments to the formula. It had recalled the need for such formulae to be established on a logical basis, using a straightforward methodology and had urged CCAQ(PER) to make appropriate proposals for a new formula along these lines at the earliest possible date.

16. The Committee had now been presented with a paper prepared by the United Nations, proposing a new methodology for arriving at a scale for sharing the costs of salary surveys, to be applied from 1996. This methodology took account in a quantifiable way of three new elements. These were:

- (a) The number of National Officers, since scales also had to be established for these staff.
- (b) The number of duty stations at which each organization had staff, since these gave an indication of an organization's use of salary scales.
- (c) The contributions of organizations in the form of costs of posts devoted to salary surveys, other than the jointly-financed salary staff.

17. The scale proposed consisted of utilization bands based on the number of General Service and National Officer staff which an organization maintained in field duty stations and the number of duty stations at which field staff were present. The resulting percentages were then applied to the total cost of salary survey activities, including the contributions referred to in (c) above. These contributions would then be regarded as contributions in kind to be offset against the total share calculated for that organization.

18. Participants agreed that the method proposed was more logical and straightforward than the methodology previously used; it was also much more readily adaptable to the changing presence of organizations in the field. The Committee considered that the number of bands could be refined to make finer distinctions and asked the United Nations to present proposals at its next session along these lines. In doing so, the Committee agreed that a minimum percentage of 1 per cent should be the starting point on the bands. In the meantime, the Committee decided to retain the present formula for sharing the costs of salary surveys for 1995.

Proposed programme budgets for 1996-1997 for jointly-financed bodies

19. In accordance with standing arrangements, the Committee had before it, for inter-organization financial review on behalf of ACC, proposed programme budgets for 1996-1997 for various jointly-financed bodies. These proposals were supplemented by information on expenditure for 1992-1993 and 1994, and by indicative information on the organizations' percentage shares of the costs of the proposed 1996-1997 budgets. In reviewing the latter, the Committee noted that the share hitherto attributed to the United Nations would be apportioned between the United Nations and its subsidiary programmes in a manner to be determined between them.

International Civil Service Commission (ICSC)

20. The 1996-1997 programme budget proposals of ICSC, drawn up by the secretariat of the Commission for consideration at its forty-first session (1-19 May 1995), provided for a proposed level of \$10,559,000 compared with appropriations for 1994-1995 of \$10,642,800. At the time of the Committee's session, these proposals had thus not yet been considered by the Commission itself nor had they been considered by CCAQ(PER), which would examine them at its next session (24 -28 April 1995).

21. The Committee was very concerned to note that the Commission had not taken account of any of the comments made during the Committee's examination of the 1994-1995 programme budget. Although biennialization of the programme of work of the Commission had been introduced in 1994-1995, there was still no reduction in the length of its sessions. Similarly, although the Committee, in commenting on the 1994-1995 proposals, had indicated that the travel of staff to meetings of the Commission was excessive, the number of such trips had not decreased. In examining the budgetary performance of ICSC for 1992-1993, the Committee noted that the provision for temporary assistance for meetings had continued to be significantly underspent; the Committee concluded, as it had during its examination of the 1994-1995 programme budget, that host organizations had provided conference servicing facilities free of charge. Underexpenditure for this and for other purposes, particularly for rental and maintenance of premises, had permitted the Commission to exceed the provisions for consultants and staff travel to meetings by 106 per cent and 29 per cent respectively, and to incur expenditure for unbudgeted contractual services in the amount of \$32,300. The Committee considered that increases in spending of this magnitude were unacceptable.

22. The Committee recalled that, in its 1994-1995 proposals, the Commission had indicated that there would be administrative improvements in the Cost-of-Living Division, leading to the simplification of work flows and

improvements in efficiency. It also recalled that, at that time, the Committee had recommended a reduction of five posts in the Commission's secretariat. The Committee noted that no net staffing reductions had been implemented by the Commission in 1994-1995 and that none were proposed for 1996-1997.

23. The Committee recognized that the budget proposals before it represented a net negative growth of 0.8 per cent; however, in the light of the considerations outlined above, the Committee felt that further economies could be achieved. The secretariat of the Commission had failed to recognize that the resource constraints which were affecting all organizations must of necessity also apply to the ICSC; it had not introduced the efficiency measures which would enable it to cope with a reduced resource base. The Committee therefore strongly reiterated the comments made during its examination of the 1994-1995 programme budget and recommended, on behalf of ACC, a number of adjustments which would reduce the budget to an acceptable level. With the exception of one organization which had reservations on the matter of the reductions in posts, the Committee recommended the following:

(a) A reduction of five posts composed of:

- Two General Service posts in the office of the Executive Secretary. The Committee believed that two of the four posts of Registry Assistant, Document Clerk, Administrative Assistant and Personnel/Finance Assistant could be eliminated by consolidating and streamlining functions.
- The elimination of one D 1 post and one secretarial post resulting from the merger of the Salaries and Allowances Division and the Cost-of-Living Division. The merger of these two Divisions would eliminate the overlapping in their work programmes, producing the above savings and further economies of scale.
- The elimination of a P-4 Statistician post in the Cost-of-Living Division as a reflection of the simplification of work flows and improvements in efficiency which the secretariat of the Commission had indicated would be effected in 1994-1995.

The Committee believed that these reductions represented a minimum and that further savings could be achieved in the Cost-of-Living Division because of efficiency measures, while not affecting services, particularly those provided to field offices.

- (b) A decrease in the provisions for temporary assistance for meetings, overtime and rental and maintenance of premises to the level of 1992-1993 expenditure, recosted to take account of inflation and exchange rate changes.
- (c) A reduction in the provisions for travel of staff to meetings and other official travel of 10 per cent of the amount proposed, on the understanding that field visits would not be affected.

Joint Inspection Unit (JIU)

24. The programme budget proposals for 1996-1997 for JIU were presented to the Committee by the Executive Secretary of the Unit, who outlined some of the plans for the future organization of the Unit's work and provided the Committee with an indicative list of the studies the Unit might be undertaking. The level of the proposals was \$8,267,600, representing growth of \$262,700. In examining the proposals, the Committee had an extensive exchange of information with the Executive Secretary, welcoming the new dialogue with the Unit. Participants emphasized that in a climate where organizations were restricted in virtually all cases to either zero or negative growth, JIU too would have to review its programme and prioritize its work to reflect these realities.

25. Organizations were concerned about the cost benefits of many of the Unit's studies, and believed that the output of an average of seven to ten reports per year did not justify the large investment. The Committee could not support the request for an upgrading of one of the posts of researcher to the D-1 level, since no substantive explanation for the reclassification had been provided; it also noted that a proposal had been made for a representation allowance for this reclassified post, whereas such allowances were normally not applicable at the D-1 level. The Committee also could not support the proposal for an additional P-4 researcher post, which did not appear to be justified by the workload.

26. Concern was also expressed about the magnitude of the travel provisions of the Unit. While being aware that the Statute of the Unit stated that inspectors should make on-the-spot inspections, participants did not believe that this justified proposals that each inspector should make two trips to New York annually, of 10 days' duration each. A detailed examination of the proposals for training led the Committee to the view that, even if the direct costs of training were to be covered by the United Nations, the cost in terms of staff time would be substantial as the list of training needs envisaged a total of 326 training sessions in 1996-1997.

27. As regards the proposals for computer hardware and software, the Committee believed that while computerization of the Unit would assist in efficiency gains, the proposals seemed excessive. As an example, the

Committee questioned the need for twelve printers and suggested that, with today's technology, printers could easily be shared, particularly since both inspectors and researchers were often absent on mission. Finally, those organizations which were not involved in peace-keeping activities questioned the extent of the use of the Unit's resources, which were jointly-financed, for these types of studies, in particular given the fact that the cost-sharing formula excluded expenditure on peacekeeping.

28. In summary, the Committee recalled the principle, which it had already stated on a number of prior occasions, that jointly-financed activities should have no more than zero real growth, and preferably negative growth where this appeared to be feasible. In this spirit, the Committee endorsed, on behalf of ACC, the proposed programme budget for 1996-1997 for JIU, with the following adjustments:

- (a) The reclassification of a researcher post to D-1 and the establishment of a new P-4 post were not supported.
- (b) The proposed resources for travel of the inspectors should be decreased by an amount representing the cost of one mission per inspector to New York per year.
- (c) A further decrease of 10 per cent of the remaining proposed travel resources should be made based on efficiencies which the Executive Secretary had indicated to the Committee would be made in the travel of researchers, and on savings which the Committee believed could be realized in the duration of missions.
- (d) Proposals for resources for computer hardware and software should be reduced after critical examination by the competent services of the United Nations.
- (e) The list of training needs should be extensively examined by the appropriate services of the United Nations, and, whether financed by the United Nations or by the Unit itself, should be reduced to the minimum required for the work of the Unit.

Secretariat of the Consultative Committee on Programme and Operational Questions (CCPOQ)

29. The Committee had before it, for examination on behalf of ACC, the proposed programme budget for 1996-1997 for CCPOQ amounting to \$898,800 which included growth of \$58,700 relating to the staff costs required to provide for a full 24 work months for the Programme Officer post which had been approved in 1994-1995. The Committee was informed that at its recent session CCPOQ had endorsed the proposed programme budget.

30. In examining the programme budget, the Committee noted that an increase had been proposed under the provision for consultants, which did not appear to be fully justified. The detailed proposals for travel indicated that a number of missions were for the purpose of consultations. In addition, it had been assumed that some of the Working Group meetings would be held in locations other than Geneva. The Committee was of the opinion that consultations could be carried out more economically by telephone or electronic mail and that Working Group meetings, when not combined with other meetings, should be so located as to save secretariat travel costs. It accordingly decided to approve, on behalf of ACC, the proposed programme budget for 1996-1997 for the secretariat of CCPOQ with the following adjustments:

- (a) The resources for consultants should be maintained at the same level, in real terms, as in 1994-1995.
- (b) The proposed travel budget should be reduced by 15 per cent.

Secretariat of the Consultative Committee on Administrative Questions (CCAQ)

31. The proposed programme budget for 1996-1997 for the secretariat of CCAQ which was before the Committee provided for a level of \$1,702,200, representing negative growth of \$27,600. In examining the proposals, the Committee reiterated its concern, expressed at the time of its consideration of the 1994-1995 programme budget proposals, that the period of attendance of different members of the secretariat during sessions of the General Assembly and the ICSC could be curtailed. The Committee accordingly approved, on behalf of ACC, the proposed programme budget for 1996-1997 for the secretariat of CCAQ, with a reduction of 10 per cent in the resources proposed for travel.

Secretariat of the Information Systems Coordination Committee (ISCC)

32. The Committee had before it the proposed programme budget for 1996-1997 for the secretariat of the ISCC and noted that the proposals had not yet been considered substantively by ISCC which would do so at its next meeting in April 1995.

33. In these circumstances, the Committee considered that it could not examine the proposals in any detail at this point, but should confine itself to comments on overall resource guidance until such time as ISCC was able to propose an approved programme. It recalled its general position regarding budget levels; i.e. they should reflect zero growth and preferably negative growth where this was feasible, and also its comments during its consideration of the proposed programme budget for 1994-1995 for ISCC, when it had noted that it looked forward to further savings in 1996-1997. It accordingly requested ISCC to present proposals for 1996-1997 at a level which, at the most, represented zero growth and expected to consider such proposals at its autumn 1995 session.

Accounting and financial reporting

Working Party on Financial Statements

34. The Committee had before it the report of the second meeting of its Working Party on Financial Statements, which had taken place at UNDP in New York from 5 to 8 December 1995, together with comments from organizations on that report, and proposals for the continuation of the work of the Working Party. During a general discussion on the report, the Committee recalled that organizations still had to satisfy the present users of their financial statements and thus, in consultation with their External Auditors and with a suitable justification, might have to present financial statements that differed somewhat from the proposed formats, especially if an organization had particular financing arrangements. There remained considerable pressure from member States in some forums for organizations to standardize the presentation of information in financial statements; organizations must therefore make every effort to conform to the formats when these were eventually agreed.

35. The Committee then examined the recommendations of its Working Party as detailed in paragraph 22 of the report of the second meeting, and approved recommendations (a) to (i), and (l) to (m). As regards recommendation (j), which dealt with the proposed formats of the statement of income and expenditure and changes in reserves and fund balances and the statement of assets and liabilities and reserves and fund balances,

the Committee proposed that the Working Party should reexamine the description and definition, under Miscellaneous Income, of "Funds received under inter-organization arrangements" since it was unclear whether this referred to total funds received from UNDP and UNFPA or only to support cost income. If the intention was the former, the Committee believed that these funds could not be properly classified as Miscellaneous Income and a separate category of income should be established. As regards recommendation (k), the Committee considered that, for the present, the statement of cash flow should be mandatory for the general fund only; it also suggested that, on this statement, the term "loans" should be replaced by "borrowings".

36. In addition, the Committee approved the proposed arrangements for the final meeting of its Working Party, which would be held at the United Nations Office in Geneva from 26 to 28 June 1995, the work programme proposed for the meeting, and the arrangements outlined to enable the Committee to have before it, at its next session, the report of that meeting together with comments of the External Auditors on that report.

37. The Committee then turned to the issue of the Statement of Director-General's Responsibilities, which had been deferred at its last session so that some organizations could discuss the principle with their external auditors. Two organizations indicated that their external auditors had informed them that the Panel of External Auditors had not established a common position on this subject; another organization advised that it opposed the inclusion of this statement as a mandatory part of the financial statement package. In these circumstances, the Committee concluded that such a statement should not be regarded as being obligatory and should be considered as a matter for individual organizations to resolve with their external auditors.

Payment of salaries and allowances

Currency of salary payments: Country-wide exceptions to the standard formula

38. In accordance with its standard practice, the Committee also reviewed the exceptions to the standard formula approved by the United Nations and UNDP since its last session. It was informed that a decision had been taken to reduce the local currency portion of salary of international staff in **Yemen** from 20 per cent to 10 per cent effective 1 November 1994 for a period of six months, and that the special measures which had been introduced for the Baltic States and CIS countries would be maintained through June 1995. These measures provide for 100 per cent payments of salaries and allowances in convertible currencies in **Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Turkmenistan, Ukraine** and **Uzbekistan** effective from 1 February 1993; and 90 per cent payments in convertible currency in **Estonia, Latvia, Lithuania** and the **Russian Federation** and the continuation of 90 per cent payments in **Belarus**, with effect from the same date.

The United Nations and UNDP had also agreed to extend to international staff stationed in **Tajikistan** the special measures whereby salaries and allowances are payable 100 per cent in convertible currency, effective 1 January 1995.

39. Finally, the Committee noted that no changes had been made to the list of currencies regarded as convertible since its last session. The revised list of country-wide exceptions to the standard formula for the currency of salary payments, and of developing countries' convertible currency regarded as fully convertible for such payments appear in Annexes III and IV respectively.

General financial systems

Support costs

40. The Committee had before it a proposal which had also been presented to CCPOQ concerning the expansion of the present CCPOQ Task Force on Support Costs into a Joint CCPOQ/CCAQ(FB) Task Force. CCPOQ, at its recent session, had endorsed the proposal and, during its discussion on the issue, suggestions had been made that:

- (a) The scope of the joint task force could be extended beyond that of support costs into general resource utilization issues requiring coordination between the programme policy and financial sectors.
- (b) Given this broader programme focus, it would be preferable for the joint task force to be chaired by a person from programme policy and management.

41. After a discussion of the issues involved, the Committee decided that it could not support the idea of an expanded mandate for such a task force, described in (a) above, and turned to the original idea of a joint task force. While some participants supported the idea, others believed that such a task force might not accomplish much in the current climate of donor-resistance to higher support costs. The Committee as a whole believed that such a task force should have a clearly defined task with a finite date of termination of the work. In these circumstances, the Committee was not convinced that the establishment of a standing joint task force would be useful at this time.

Productivity improvement: Travel arrangements

42. The Committee resumed the discussion, begun at its last session, of issues relating to travel, notably use of lump sum arrangements for entitlement travel, arrangements with travel agents and airlines, use of computerized systems for travel authorizations and settlement of claims, procedures for giving advances, and decentralization of decisions on travel arrangements.

43. After an extensive exchange of information, the Committee agreed that its secretariat should circulate information to be provided by WHO on items which are being reimbursed in lieu of terminal allowances. As regards the proposal for a travel managers meeting, the Committee concluded that further information was required before it could decide whether such a global meeting would be of benefit. An initial step would be for organizations in the same region to meet informally to discuss common problems and to examine what other problems might be better discussed in a global meeting. WHO agreed to host the first meeting of this nature in Geneva in the coming months so that the results of that meeting could be communicated to the Committee at its next session. The Committee also decided that it would be useful if data on travel arrangements could be collected for its next session; the secretariat would consult with organizations on which data would be of interest.

Other financial and budgetary questions

Fellowship questions

44. In accordance with standing arrangements, the Committee had been requested to endorse recommendations made by the Senior Fellowship Officers at a meeting held in September 1994. These consisted of:

- (a) The refinement of the methodology for establishing the stipend rate, when the results of the reviews of the adequacy of the stipend rate were known.

- (b) The revision of the payment of the termination allowance to provide:
- a lump sum payment of US\$ 100 for fellowships of up to 6 months;
 - a lump sum payment of US\$ 200 for fellowships of up to one year; and
 - a lump sum payment of up to a maximum of US\$ 400 for long-term fellowships, at the discretion of the agency if circumstances of the fellowship, including its duration, so warrant.

45. After an examination of the implications of the proposals, the Committee agreed to endorse them.

Other questions

46. At the request of WHO, participants exchanged information on organizations' experiences in introducing time reporting systems by function for Professional staff. The Committee agreed to resume discussion of this item at its next session.

47. The Committee considered that the discussions concerning this and other subjects relating to management matters had enriched its current session and agreed that similar topics should be addressed at future sessions. It accordingly requested organizations to submit proposals to the secretariat for such subjects, to permit the Committee to set up a work programme for these discussions at its next session.

Organizational questions

Work programme of the secretariat

48. The Committee agreed that the work programme of its secretariat up to the next session would include the following:

- (a) Completion of the updated version of Volume II of the JIU study on budgeting methods and incorporation of data on incentive and penalty schemes.

- (b) Work related to financial statements, including the third meeting of the Working Party on Financial Statements.
- (c) Preparation of CCAQ statistical reports on the collection of assessed and voluntary contributions.
- (d) Work as required in connection with the third edition of the ACC report on programmes and resources of the United Nations system.
- (e) Updating of the CCAQ Handbook.
- (f) Preparation of a proposed work programme in connection with the report on the application and development of the accounting standards which has been requested by the General Assembly for its fifty-first session (1996).
- (g) Collection of data on travel matters.
- (h) Collection of data on subjects for consideration at the next session of the Committee.
- (i) Collection of proposed programme budgets for jointly-financed activities.

PART IIB - Other items discussed

Programme and budget

ACC Subcommittee on Nutrition (SCN)

49. One organization expressed concern about the use of the Subcommittee's funds for meetings not within the mandate of the Subcommittee, in particular the discussions on the separation of the Subcommittee from the ACC machinery.

Cost of inter-organization security measures

50. The Committee had before it a paper prepared by the United Nations giving details of expenditure on inter-organization security measures in 1994 and of the costs to be charged to individual organizations for these measures. As requested by the Committee at its last session, charges for United Nations Volunteers had been listed separately and detailed data had been presented on the cost of insurance at hazardous duty stations. The Committee noted that there was no reason to believe that these costs would decrease in the future and might well increase.

Cash management

Current financial situation of organizations of the system

51. In accordance with standing arrangements, the Committee reviewed the current financial position and outlook of organizations of the system. The United Nations reported that the financial situation had not improved. The pattern of payment of contributions by member States was no better, particularly with regard to assessments for peace-keeping. Turning to financial matters raised during the recent session of the General Assembly, the United Nations indicated that negotiations in the Fifth Committee concerning the new scales of assessment for 1995, 1996 and 1997 had been difficult and had focussed on the elimination of half of the scheme of limits over the three years and the effect this had on individual assessments. The General Assembly had also decided to establish two working groups, one dealing with the financial situation of the organization and the other with the capacity of member States to pay.

52. Two organizations with assessed budgets reported that they might be implementing programme cuts of varying degrees because of shortfalls in contributions, while other organizations advised that the situation with regard to arrears had not improved. UNDP noted that voluntary contributions to programmes continued to be less than originally expected, but that contributions on a cost-sharing basis were increasing; the former situation, together with the shift to national execution, meant a continuation in the drop in approvals of projects to be executed by organizations in the system.

Deposit and investment arrangements

53. As is the Committee's practice at each session, participants held a private exchange of information on matters of current interest in relation to the safety of organizations' cash assets.

General financial systems

Extrabudgetary activities financed by the Commission of the European Union

54. The Committee held an extensive discussion on the status of organizations' negotiations with the Commission, particularly in relation to the recent agreement reached between the United Nations and the Commission, which resolved the issue of audit access. Organizations welcomed this agreement and hoped to use it to conclude similar arrangements. They noted that, for project agreements, a number of financial conditions proposed by the Commission, including *inter alia* those related to payments, reporting arrangements and support costs, were unsatisfactory and remained to be resolved. The inter-organization consultation process was considered of great importance in negotiating these issues. It was recalled that the agreement between the United Nations and the Commission provided for a review of the arrangements after 12 months; the Committee therefore agreed to maintain the item on its agenda in view of the evolving nature of the issue.

Internal controls

55. The Committee held a private discussion related to the detection and prevention of fraud, and to other internal control matters.

Other financial and budgetary questions

Financial regulations: Review of amendments

56. The Committee had been advised of the approval of substantial amendments to the financial regulations of UNDP, ITU and IAEA. Representatives of these organizations outlined the major thrust of these, which related not only to internal financial changes but also in some cases, to recognition of the United Nations accounting standards. WFP and WMO indicated that changes to their financial regulations would also be introduced as a result of the accounting standards. The Committee also noted that ICAO had reported amendments to its financial regulations designed to provide that the available surplus, which is at the disposal of the Assembly, no longer includes any arrears of contributions collected to the extent that those arrears had already been spent to meet obligations of the year of collection, and that IMO had reported an increase in a tendering amount.

Other questions

Presentation by the Director of the International Computing Centre (ICC)

57. The Committee had invited the Director of the ICC to make a presentation on the work of the Centre at its present session. The information provided to the Committee was of considerable interest and a wide-ranging discussion ensued. The Committee very much appreciated the presentation and invited the Director of the ICC to address it again on a future occasion.

Organizational questions

CCAQ affairs

58. The Committee was informed of the position taken by the Organizational Committee in relation to the admission of observers and noted with satisfaction that the text relating to payments by observers answered its concerns as expressed at its seventy-eighth session.

ANNEX I

Agenda adopted by the Committee on 13 February 1995

<u>Item</u>	<u>Document</u>
1. Adoption of the agenda	ACC/1995/FB/R.1/Rev.1
2. Programme and budget	
2.1 Budgeting methods	-
2.2 Budgetary rates of exchange and inflation for Switzerland in 1995, 1996 and 1997	ACC/1994/FB/R.38
2.3 Proposed programme budgets for 1996-1997	
2.3.1 International Civil Service Commission (ICSC)	ACC/1995/FB/R.10
2.3.2 Joint Inspection Unit (JIU)	ACC/1995/FB/R.15
2.3.3 Secretariat of the Consultative Committee on Programme and Operational Questions (CCPOQ)	ACC/1995/FB/R.9 ACC/1995/FB/R.17
2.3.4 Secretariat of the Consultative Committee on Administrative Questions (CCAQ)	ACC/1995/PER/R.6-FB/R.8
2.3.5 Secretariat of the Information Systems Coordination Committee (ISCC)	ACC/1995/FB/R.11
2.3.6 Budgetary performance of jointly-financed activities	ACC/1995/FB/R.14
2.4 Cost-sharing arrangements	ACC/1994/FB/R.40 ACC/1995/FB/R.12 ACC/1995/FB/82/CRP.1
2.5 Cost of inter-organization security measures	ACC/1995/FB/R.18
2.6 ACC Subcommittee on Nutrition (SCN)	-
3. Accounting and financial reporting	
3.1 Working Party on Financial Statements	ACC/1995/FB/R.5 ACC/1995/FB/R.5/Add.1

<u>Item</u>	<u>Document</u>
4. Payment of salaries and allowances	
4.1 Currency of salary payments: Country-wide exceptions to the standard formula	ACC/1995/FB/R.7 ACC/1995/FB/R.13
5. Cash management	
5.1 Current financial situation of organizations of the system	-
5.2 Deposit and investment arrangements	-
6. General financial systems	
6.1 Extrabudgetary activities financed by the Commission of the European Union	-
6.2 Support costs	ACC/1995/FB/R.16
6.3 Internal controls	-
6.4 Productivity improvement: Travel arrangements	ACC/1995/FB/R.4 ACC/1995/FB/R.19
7. Other financial and budgetary questions	
7.1 Financial regulations: Review of amendments	ACC/1995/FB/R.6
7.2 Fellowship questions	ACC/1995/PER/R.7-FB/R.3
7.3 Other questions	-
8. Organizational questions	
8.1 CCAQ affairs	ACC/1995/FB/R.2
8.2 Time and place of the next session	-
8.3 Work programme of the secretariat	-
9. Adoption of the report of the session	ACC/1995/FB/82/CRP.3

ANNEX II

List of participants

Chairman: Mr. Daniel Daly
Vice-Chairman: Mr. Olivier Tayar
Secretary: Ms. Barbara Farrish-Walker

Representatives of member organizations:

United Nations	Ms. Susan R. Mills Director, Financial Management Office
UNICEF	Mr. J. Louis Bradley Deputy Director, Division of Financial Management, Accounting Services
UNDP	Mr. Peter Leslie Director, Division of Finance
UNFPA	Mr. Gary L. Cookhorn Acting Chief, Finance Branch
WFP	Mr. Gary A. Eidet Director, Finance and Information Systems Division
UNRWA	Mr. Ulrich Kalbitzer Comptroller
UNHCR	Mr. Wolfgang Milzow Treasurer
ITC	Mr. Joseph Smadja Chief, Budget
ILO	Mr. John D. Hunt Director, Financial Services Department
FAO	Mr. Elmer S. Owens Director, Finance Division
UNESCO	Mr. Daniel Daly Comptroller
ICAO	Mr. Olivier Tayar Chief, Finance Branch
WHO	Mr. Edward Uhde

Comptroller and
Director, Division of Budget and Finance

Mr. Chand N. Kaul
Chief, Finance

ITU Mr. Abdekhalek Tazi-Riffi
Chief, Finance Department

WMO Mr. Thomas Joel
Acting Chief, Finance and Budget Division

IMO Mr. Dayasiri Muthumala
Head, Finance and Budget Section

WIPO Mr. Tony Keefer
Controller and Director, Budget and Finance Department

IFAD Mr. Vernon Jorssen
Controller

UNIDO Mr. Andrew Ingram
Director, Financial Services Division

IAEA Mr. Abraham E. Espino
Director, Division of Budget and Finance

Other representatives:

JIU Mr. Even Fontaine-Ortiz
Executive Secretary

Ms. Mhairi Ann Khadhraoui
Administrative Assistant

ICC Dr. Edward Gelbstein
Director

CCAQ Ms. Barbara Farrish-Walker
Associate Secretary

ANNEX III

Country-wide exceptions to the standard formula for the currency of payment of salaries and allowances of internationally-recruited staff

<u>Country</u>	<u>Percentage payable in:</u>		<u>Effective date a/</u>
	(a) Duty station currency (minimum net monthly) %	(b) Any single other currency (maximum net monthly) %	
Afghanistan	0	100	1 September 1990
Albania	0	100	1 December 1992
Algeria	30 <u>b/</u>	70	1 August 1981
Angola	0	100	1 October 1980
Armenia	0	100	1 February 1993 <u>c/</u>
Azerbaijan	0	100	1 February 1993 <u>c/</u>
Belarus	10	90	1 December 1992 <u>c/</u>
Bosnia and Herzegovina	0	100	1 October 1991 <u>d/</u>
Cambodia	0	100	1 April 1985
Cape Verde	10	90	1 October 1980
China	20 <u>e/</u>	80	1 January 1985
Croatia	0	100	1 October 1991 <u>d/</u>
Democratic People's Republic of Korea	20	80	1 January 1991
Eritrea	0	100	1 January 1993
Estonia	10	90	1 February 1993 <u>c/</u>
Former Yugoslav Republic of Macedonia	0	100	1 October 1991 <u>d/</u>
Georgia	0	100	1 February 1993 <u>c/</u>
Ghana	10	90	1 December 1983
Guinea	10	90	1 March 1986
Guinea-Bissau	0	100	1 March 1987
Guyana	20	80	1 March 1987
Haiti	0	100	1 December 1991
Iran	10	90	1 July 1992
Israel	10	90	1 October 1982
Kazakhstan	0	100	1 February 1993 <u>c/</u>
Kyrgyzstan	0	100	1 February 1993 <u>c/</u>
Lao People's Democratic Republic	0	100	1 October 1980
Latvia	10	90	1 February 1993 <u>c/</u>
Lithuania	10	90	1 February 1993 <u>c/</u>
Madagascar	20	80	1 October 1982
Maldives	10	90	1 October 1980
Moldova	0	100	1 February 1993 <u>c/</u>
Mongolia	0	100	1 August 1990
Mozambique	0	100	1 August 1986
Myanmar	0	100	1 November 1990
Nicaragua	0	100	1 April 1986
Romania	20	80	1 January 1989
Russian Federation	10	90	1 February 1993 <u>c/</u>
Rwanda	20	80	1 May 1991
Sao Tome and Principe	0	100	1 September 1986
Sierra Leone	10	90	1 April 1989
Slovenia	0	100	1 October 1991 <u>d/</u>
Somalia	0	100	1 November 1990
Sudan	0	100	1 January 1991
Tajikistan	0	100	1 January 1995
Tanzania	30 <u>f/</u>	70	1 June 1989
Turkmenistan	0	100	1 February 1993
Uganda	10	90	1 June 1989
Ukraine	0	100	1 February 1993 <u>c/</u>
Uzbekistan	0	100	1 February 1993 <u>c/</u>
Viet Nam	0	100	1 August 1981
Windward and Leeward Islands <u>g/</u>	10	90	1 October 1980
Yemen	10	90	1 November 1994
Yugoslavia	0	100	1 October 1991
Zaire	0	100	1 October 1991

For footnotes, see next page.

Footnotes to Annex III:

a/ In a few cases the date shown is approximate, since no effective date was specified at the time of a change in the percentage distribution.

b/ Of this, 30 per cent is payable in convertible dinars and 70 per cent in non-convertible dinars.

c/ Subject to review at the end of June 1995.

d/ Under the arrangements approved for the former Yugoslavia.

e/ Payable from 1 November 1988 in convertible renminbi or foreign exchange certificates after deduction of rents in non-convertible renminbi.

f/ Payable in convertible shillings.

g/ Covers Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

ANNEX IV

**Developing countries' currencies regarded as fully convertible for the purpose
of payments of salaries and allowances of internationally-recruited staff
(country and currency)**

Bahamas (Bahamian dollar)
Bahrain (Bahrain dinar)
Bermuda (Bermuda dollar)
Brunei Darussalam (Brunei dollar)
Costa Rica (Costa Rican colon)
Djibouti (Djibouti franc)
Ecuador (Sucre)
Hong Kong (Hong Kong dollar)
Indonesia (Indonesian rupiah)
Kuwait (Kuwaiti dinar)
Lebanon (Lebanese pound)
Liberia (Liberian dollar)
Libyan Arab Jamahiriya (Libyan dinar)
Malaysia (Ringgit)
Oman (Rial Omani)
Panama (Balboa)
Papua New Guinea (Kina)
Paraguay (Guarani)
Peru (New sol)
Qatar (Qatar riyal)
Samoa (Tala)
Saudi Arabia (Saudi Arabian riyal)
Seychelles (Seychelles rupee)
Singapore (Singapore dollar)
Suriname (Suriname guilder)
Turkey (Turkish lira)
United Arab Emirates (UAE dirham)
Uruguay (Uruguayan new peso)
Vanuatu (Vatu)
Venezuela (Bolivar)
Zambia (Kwacha)