



34th Meeting of the CEB Finance and Budget Network
19 November 2019, Videoconference

**CONCLUSIONS OF THE 34th MEETING
OF THE FINANCE AND BUDGET NETWORK**

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I. Introduction

1. The Finance and Budget Network (FBN) held its 34th session on 19th November 2019 via videoconference. The meeting was co-chaired by Mr. Darshak Shah, Chief Finance Officer, UNDP and Ms. Chitra Narayanaswamy, Director (Controller), Department of Program Planning and Finance, WIPO. The agenda is available in document CEB/2019/HLCM/FB/6/Rev.2.
2. All documents related to the session are available on the FBN website at <https://www.unsceb.org/content/november-2019>.

II. HLCM cross-functional Task Force on Risk Management

Presenter: Ms. Chitra Narayanaswamy, FBN Co-Chair and Director (Controller), Department of Program Planning and Finance, WIPO

Documentation:

- ✓ CEB/2019/HLCM/25 – *Reference Maturity Model for Risk Management (Final)*
- ✓ CEB/2019/HLCM/26 – *Guidelines on Risk Appetite Statements (Final)*
- ✓ CEB/2019/HLCM/28 – *Cross-Functional Task Force on Risk Management – Status Update*

Background:

3. At its 36th session in October 2018, HLCM endorsed the proposed Terms of Reference for a Cross-functional Taskforce on risk management, an initiative aimed to improve the overall harmony of risk management processes and practices in the UN system. Under the first phase of its work, the Task Force developed a Reference Maturity Model for Risk Management (RMM) which was endorsed by HLCM in April 2019 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.
4. The Task Force subsequently conducted several pilot self-assessments to test and validate the RMM – and the results of the pilots together with the final, refined reference model were presented to, and endorsed by, HLCM at its October 2019 session. In addition to the RMM, the Task Force also commenced work under three distinct workstreams: (1) Practical guidelines for establishing a Risk Appetite Statement; (2) development of operational guidance for the embedding of Risk Management in strategy formulation, planning and implementation; (3) exploration of a platform(s) or repository(ies) to enable sharing of best practices and risk information. The final guidelines on Risk Appetite Statements, together with draft guidance on embedding risk management and a status update on Work-In-Progress with respect to risk information sharing were also presented to HLCM at its October session, with the Committee endorsing the guidelines on Risk Appetite Statements.

Discussion:

5. WIPO, as Co-Chair of the Task Force, introduced the topic with an overview of the recent risk management discussions at HLCM. The HLCM expressed their appreciation for the work of the Task Force and welcomed the risk maturity model which was identified as a useful tool for analysis purposes as well as in supporting organizations to map out a way forward for reaching their target level of maturity. Furthermore, the guidelines for risk appetite statements were welcomed as guardrails to help organizations establish thresholds for the level of risk the organization is willing to take while providing options for structuring. During the debrief, reference was also made to the compendium of risk-related documents which has now been made available on the CEB website.

6. During the discussion, FBN members appreciated the work accomplished by the Task Force and emphasized that two of the most important and challenging aspects of the work at this stage would be in the areas of risk information sharing and fraud risk. Also, it was pointed out that other HLCM networks expressed appetite to learn more about risk management approaches as well.

Conclusions:

7. The FBN took note of the planned work of the Task Force, and agreed that risk management would remain a standing item of the discussions in the short term both at the FBN and HLCM level. The Task Force will continue its work, including in the area of improved information sharing on fraud risk management, and will provide an update of its work during the next FBN meeting.

III. Update on EU-UN FAFA negotiations

Presenter: Mr Pedro Guazo, Director Finance Division, United Nations

Documentation:

✓ *Powerpoint presentation*

Background:

8. The 15th meeting of the EU-UN FAFA Working Group took place in Geneva on 11 October, with a pre-meeting on 10 October for UN representatives to work on a common position on FAFA related issues.

Discussion:

9. The UN provided an update on the outcome of the latest EU-UN FAFA discussion, referring to a Working Group session held in Geneva and a workshop regarding indirect support costs. The presentation also included an overview of the evolution of EU financial resources channeled through the UN system, as well as an update on indirect costs and flexibility.

10. As part of the discussion, the FBN touched upon issues of common concern for UN organizations including the indirect cost rate, EU restrictive measures and DG DEVCO (European Commission Directorate-General for International Cooperation and Development) verification missions. Newly introduced pillars appeared as impractical and further pressure to decrease indirect costs were anticipated. Another concern was raised regarding the fact that inaccessibility was no longer referred to in the new ToRs. In this context, it was pointed out that the proposed ToRs had not been accepted yet and that the assessment would be taken out by the Working Group and negotiations continued in the coming year. It was noted that the UN Office of Legal Affairs will review the TORs for the pillar assessments and that a formal TOR for these assessments has not yet been accepted by the UN system, and that reviews of the TOR should be conducted in a coordinated manner. Until a formal agreement has been reached on the TORs, FBN members may refer requests for pillar assessments to the UN Office of the Controller.

11. Further points of discussion included the succession planning of the FAFA team based in Brussels, including a proposal for a cost sharing mechanism for a team to be put in place in Brussels.

Conclusions:

12. FBN members congratulated the Working Group participants on the productive completion of the meeting and successful leadership from the UN and took note of the latest EU-UN FAFA discussions. The FBN members agreed that organizations should follow a common strategic approach in respect to any issues of common concern to UN entities. Furthermore, FBN members looked forward to receiving the proposal for the succession planning of the new FAFA team based in Brussels.

IV. Harmonized principles for cost recovery

Presenter: Mr Thomas Asare, Comptroller & Director, Division of Financial and Administrative Management, UNICEF

Documentation:

✓ *None*

Background:

13. At its last session in July 2019, the FB Network discussed cost recovery and the work being done jointly by UNDP/UNICEF/UNFPA/UN Women, and by other organizations, on cost classifications and cost recovery. 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 included UNHCR, UNFPA, UNDP, UNICEF, UN Women and the UN Secretariat.

Discussion:

14. UNICEF presented an update on the recent discussions and developments of the work done jointly by UNDP/UNICEF/UNFPA/UN Women on cost recovery, including the establishment of overarching principles with the aim to continue the harmonization across both agencies and UN systemwide.

15. Furthermore, it was noted that a new category for independent oversight and assurance activities had been proposed to highlight the cost of independent oversight. UNICEF reported that the joint Executive Board endorsed the cost classification, which would be brought forward to the FBN during the next session for discussion. In the context of the discussion, the Funding Compact between the UN Development System and Member States was touched upon, and the importance of collaborative work was stressed.

Conclusions:

16. The FBN members took note of the recent developments of the work on cost recovery, stressing the importance of the subject for the Network, and agreeing that the working group proposed at the last FBN meeting should commence its work. UNICEF agreed to take on the lead of the Working Group while representatives of the UN Secretariat, UNHCR, UNDP, UN WOMEN, UNFPA, UNOPS and WFP agreed to participate in the working group going forward. The Working Group planned to schedule its first meeting in the beginning of December.

V. Task Force on Accounting Standards (TFAS) – Update on IPSAS 23 discussions

Presenter: Mr Pedro Guazo, Director, Finance Division United Nations

Documentation:

✓ *Minutes from September 2019 meeting of TFAS*

Background:

17. The minutes of the TFAS meeting conducted in September 2019 were provided to the FBN in advance of the meeting outlining the latest discussions.

Discussion:

18. The Chair of the Working Group provided an update on the discussions within the TFAS and with the IPSAS Board on the updates to revenue and transfer recognitions.

19. The proposed timeline was shared for the three Exposure Drafts (ED 70 revenue with performance obligations, ED 71 revenue without performance obligations, and ED 72 transfer expenses) which would be submitted for approval in December 2019. The Task Force on Accounting Standards and the IPSAS Board have worked collaboratively to ensure the transferability of the drafts into the UN system. The IPSAS Board plans to conduct two workshops in Europe and in the US, which would be open for everybody, tentatively scheduled for April 2020.

20. It was shared that the consultation process was expected to be completed by December 2021, and that the three Exposure Drafts could potentially be merged into two standards. Once the standards have been approved, it is unlikely that the standards will be applicable before January 2023, more likely January 2024, which would grant room for implementation of changes in policies and systems respectively.

21. During the discussion, the fundamental issue of ‘enforceability’ was raised as it may not be applicable to the UN system. It was also noted that the TFAS is working closely with IPSASB in this regard. The FBN acknowledged the extensive work done by all contributors, which was a very collaborative effort.

Conclusions:

22. The FBN members congratulated the TFAS on the progress made and stressed the importance of the topic while agreeing to fully support the subject going forward. Also, the FBN members took note of the expected timelines for the revised standard(s) in regard to revenue and transfer recognition and agreed to liaise closely with the IPSASB through the TFAS members.

VI. Follow up from the HLCM discussion on the Future of the UN Workforce

Presenter: Mr Remo Lalli, Secretary, High Level Committee on Management and Chief, CEB Secretariat Geneva

Documentation:

- ✓ *CEB/2019/HLCM/FB/5 Conclusions of the 33rd meeting of the Finance and Budget network (including report on Future of Finance Workshop)*
- ✓ *CEB/2019/HLCM/23 – Draft Discussion Paper on the future of the UN system workforce*
- ✓ *CEB/2019/HLCM/24 – Draft Concept Note on the future of the UN system workforce*
- ✓ *Final Terms of Reference for the Cross Functional Task Force on the Future UN System Workforce*
- ✓ *Members of the Cross Functional Task Force on the Future UN System Workforce*
- ✓ *Summary of first meeting of the Cross Functional Task Force on the Future UN System Workforce*

Background:

23. The global context within which the UN system operates is changing considerably, mainly driven by emerging geopolitical, development, societal and financing challenges, including the impact of significant technological (and other scientific) advancements on labour markets, job roles and all other elements of societies.

24. Individual UN organizations as well as the UN system as a whole have been advancing their understanding of these challenges and have approached the impact of new technologies and the fourth industrial revolution on the Future of Work through various internal and inter-agency discussions and initiatives, including discussions that have taken place within the FB Network at the Future of Finance Conference in November 2018 and the July 2019 meeting, where an in-depth workshop on the Future of Finance work was held.

25. HLCM at its 37th session in April 2019 launched a workstream to reflect on the future of work for the United Nations workforce in a more comprehensive and integrated way, and recently held a retreat at its October 2019 session to further deepen its work. As an outcome of that retreat, HLCM decided to establish a Cross Functional Task Force on the Future UN System Workforce, which will develop three building blocks for a human resources framework for the UN system workforce as follows:

1. Developing new sustainable contractual modalities for a more agile work force with a harmonized approach to social protection and career development facilitating mobility and workforce planning (co-leads: UN Secretariat, UNOPS, IOM)
2. “New ways of working” - Enabling culture and employee experience from multiple perspectives; leadership, people management, flexible work arrangements, transparency and dialogue (co-leads: UN Secretariat, UNHCR, UNICEF)
3. Digitized work environment enabled by technology to support the above ambitions, with an initial focus on piloting digital solutions for a positive employee experience including AI and identifying viable options for interconnected HRIT platforms in the UN system (for individual agencies’ pilots – co-leads: WFP, UNHCR, UNDP).

Discussion:

26. The Representative of the HLCM Secretariat provided an update from the discussions and decisions taken during the 38th HLCM meeting, including, the establishment of the Cross Functional Task Force on the Future UN System Workforce and the respective three sub streams. The cross functional and collaborative approach of the Task Force was pointed out. Additionally, the call for active engagement of FBN members, through their HLCM representatives, was reiterated especially in both the first sub stream (sustainable contractual modalities) and the third sub stream (digitized work environments). It was expressed that the FBN seemed well ahead in discussions it has already had on technological innovation and its application to different functions; and the work taken out under the lead of UNHCR regarding invoice automation as well as UNHCR’s and WFP’s digital solutions center.

27. The FBN Co-Chair thanked the Representative of the HLCM Secretariat for the summary of the last meeting and stressed the importance of this topic. FBN members were encouraged to actively engage in the discussions and bring forward any key ideas. Specifically, with respect to work stream one, the FBN felt it was crucial to also look into skillsets required before drafting contractual modalities, and for financial implications to be taken into account.

Conclusions:

28. The FBN members concluded that it would be helpful to channel the output of the facilitated work shop on the future of finance from the 33rd FBN session into the work to be completed under the HLCM Task Force. Furthermore, given the short timeframe and agile working that was proposed for the operation of the Task Force, the FBN members agreed to support an ongoing active communication and collaboration with the HLCM Task Force and its respective work streams to contribute to the work, especially workstream three “digitized work environment”, where the FBN’s previous discussions on technological innovation would feed into the work. Furthermore, it was agreed that the FBN would have at least one representative on the Task Force to ensure that the views of the Task Force would be conveyed and that the costing of the different option is accurate.

VII. Centralized treasury investment management function

Presenter: Ms Carmen Hett, Co-Chair of Working Group on Common Treasury Services, Treasurer, UNHCR

Documentation:

- ✓ *A/73/430 ACABQ report on the financial reports and audited financial statements and reports of the Board of Auditors for the period ended 31 December 2017 (para 18)*
- ✓ *A/74/528 ACABQ report on the financial reports and audited financial statements and reports of the Board of Auditors for the period ended 31 December 2018 (para 14)*
- ✓ *Minutes from October 2019 meeting of TFAS*

Background:

29. ACABQ, in its 2018 report on the Board of Auditors (BOA) (A/73/430 para 18), recalled that a study conducted by the FB Network in July 2011 had concluded that it would be feasible to establish a Headquarters central Treasury investment management function for the UN system and that such a structure could result in administrative cost savings for individual UN entities (see A/72/537, para. 13). ACABQ noted that no further steps had been taken since the conclusion of the aforementioned study and recalled its previous recommendation that a study in that respect should be undertaken, as the pooling of cash and investments could be a desirable investment management model for UN system entities (ibid., para. 15). ACABQ recommended that the General Assembly reiterate its request that the Secretary-General, in his role as Chair of CEB and in consultation with the other members of CEB, present viable options for a centralized Treasury investment management function for the UN system, and that actions in this regard should be reported to the GA in the appropriate context during the main part of its seventy-fourth session. GA resolution 73/268A subsequently endorsed the above conclusion and recommendations of ACABQ (para 2).

30. The 2019 ACABQ report on BOA (A/74/528) notes in para 14 that the BOA indicated that as at 31 December 2018, eight entities participated in the cash and investment pool maintained by the United Nations Treasury amounting to \$7.38 billion, and that five entities participated in the pool maintained by UNDP with a total balance of \$7.75 billion. The BOA also noted that a number of entities had not pooled their cash and investment resources. The BOA stated that it is of the view that cash and investment pooling is the most desirable model for ensuring effective cash and investment management, as it decreases the cost of transactions and provides expert investment management services to the participating entities (see A/74/202, paras.22, 23 and table 3). ACABQ then reiterated its prior recommendation, that the Secretary-General, in his role as Chair of the CEB, present viable options for a centralized Treasury investment management function of the UN system, and that action thereon should be reported to the GA in the appropriate context during the main part of its seventy-fifth session.

Discussion:

31. The Co-Chair of the Working Group on Common Treasury Services (WGCTS) provided an update on discussions that the Group had with respect to the ACABQ recommendations, noting that the Group's recommendation was to establish a review of the long-term possible solutions originally proposed by KPMG in the 2011 Feasibility Study on Common United Nations Treasury Services. Reference was made to the Study which looked at the long-term opportunities in both investments as well as treasury. The Group recommended the engagement of a consultancy firm to re-assess the solutions proposed in 2011 to bring them to a current state and present a roadmap going forward as the undertaking was very complex.

32. The FBN Co-Chair suggested a need for the WGCTS to re-visit the FBN discussions that took place around the past proposals about the feasibility of the centralization of treasury management. The FBN participants supported the proposal to take another look at the conclusions of the 2011 Study, while stressing the complexity and suggesting to narrow down the scope and consider establishing a good governance structure first. One participant urged for better clarification of the ACABQ request, as it was not clear whether the intention is for UN organizations to pool cash or simply to work closer together on investment management and treasury functions. This was echoed by another organization, which also flagged a need to clearly define expected benefits and outcome, closely reviewing prior work completed to avoid duplication of work and before proceeding.

Conclusions:

33. The FBN thanked the Co-Chair of the WGCTS for the debrief and suggested to review the discussions of the WGCTS and the FBN on the conclusions of the 2011 Study on this subject. The FBN members decided to schedule a dedicated VTC in March 2020 on this topic, to define the objective and expected benefits and outcome before the WGCTS would look into undertaking any further assessments

**VIII. Format and agenda of the 35th session (08-09 July 2020
hosted by ICAO in Montreal)**

Presenters: Ms Chitra Narayanaswamy, FBN Co-Chair and Director (Controller), Department of Program Planning and Finance, WIPO and Mr Darshak Shah, FBN Co-Chair and Chief Finance Officer, UNDP

Documentation:

✓ *None*

Background:

34. ICAO kindly offered to host the 35th session of the FB Network and the meeting will take place on 8th and 9th July 2020 in Montreal.

Discussion:

35. The FBN Co-Chairs asked for feedback and proposals on the format and agenda for the meeting, including possible suggestions for external speakers that could be invited to the session. The participants mentioned that the format and the inclusion of external speakers at the last meeting in July 2019 had been very well received. Reference was also made to the panelists from the 38th HLCM session as examples of good potential speakers.

36. With respect to possible agenda items for the meeting, it was suggested that the “Future of Work” should be included in the agenda, including a follow-up on the conclusions of the PwC facilitated workshop from the July 2019 FBN meeting. Other suggestions included the presence of the IPSAS Board and the Audit Operations Committee, as well as agenda items on information security from a financial perspective, and financing of SDGs.

Conclusions:

37. The FBN agreed to plan the 35th FBN meeting in July 2020 in a similar format to the 33rd FBN meeting. The organizations were asked to forward any suggestions for external speakers on information security and SDG financing to the CEB Secretariat.

IX. Any other business**a) Written update on the implementation of the Data Cube standards**

- ✓ *CEB/2019/HLCM/FB/7 – Outcome of CEB financial statistics collection for 2018 financial year (Based on Data Cube standards)*

38. The CEB Secretariat provided a written overview of the CEB financial statistics collection for the 2018 financial year, which was in compliance with the new financial data standards, and outlined the steps that still needed to be completed in the roadmap to full implementation of the data standards.

b) Update on ASHI Cost Containment measures

- ✓ *CEB/2019/HLCM/FB/8 – Exploration of ASHI cost containment measures*

39. During the 33rd FBN meeting, it was agreed that the issue of cost containment for ASHI remain on the FBN agenda for the foreseeable future, as this was an issue that was still being pursued by Member States. The ASHI cost containment measures that had been proposed by the governing body of WTO were raised during that discussion, and WIPO volunteered to review the proposals of the WTO governing body to identify if there were any ASHI cost containment proposals that could potentially be useful to other UN organizations and to report back to the FBN in that regard.

40. A short document on the WTO cost containment measures was introduced by WIPO to the FBN. FBN members discussed whether there was any appetite to continue the discussion on ASHI cost containment measures at the 35th FBN meeting in July 2020, and the format in which this could be done. One participant proposed that the informal insurance roundtable could be a forum to discuss the topic going forward. The FBN Co-Chair agreed to take this topic offline and to continue the dialogue with UN Secretariat, WHO, and WIPO.

c) Any other business

41. The FBN Co-Chair was asked to make a presentation at an upcoming meeting of the Panel of External Auditors on key issues on behalf of the FBN. FBN members were asked to bring forward any suggested input they deemed important after the meeting.

Annex I – List of participants

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
	Ms. Helen Brunner De Castris Section Head, Programme and Budget Section
	Ms. Melissa Buerbaumer Acting Head, Finance and Accounting Section/ Unit Head - General Accounting Unit
	Mr. Thomas Enge Finance Officer
	Ms. Lada Kapustina Programme and Budget Specialist, Programme and Budget Section, MTBF
	Mr. Valentin Muhaxheri Unit C Head – Accounts Payable Section
	Ms. Sanja Prokovikj Unit A Head - Accounts Payable Section
	Ms. Cris Sarmiento Contributions Unit Head - Finance and Accounting Section
	Ms. Petra Wild Finance Process Associate
ICAO	Ms. Monica Hemmerde Chief, Finance Branch/ CFO
IFAD	Mr. Saheed Adegbite Director, Office of Strategic Budgeting (OSB)
	Mr. Christian Hackel Senior Budget Specialist, Office of Strategic Budgeting
ILO	Mr. Greg Johnson Treasurer and Financial Comptroller, Financial Services Department
	Mr. Adnan Chughtai Chief, Budget and Finance Branch
IMO	Ms. Annabelle Viajar Head, Financial Services
	Mr. Andrew Richardson Head, Management Accounting Services (MAS), Administrative Division
	Mr. Dawit
IOM	Ms. Andrea Verhas Chief of Accounting and Financial Reporting
	Ms. Paola Buso Senior Finance Policy Officer, Accounting Division, DRM
PAHO	Mr. René Solis Godoy Finance Officer
UN	Mr. Pedro Guazo Director, Finance Division

Organization	Name and Title
UNDP	Mr. Darshak Shah Chief Finance Officer
	Mr. George Kyriacou Deputy Chief Finance Officer
UNESCO	Ms. Magdi Bona Chief Financial Officer, Bureau of Financial Management
UNFPA	Mr. Andrew Saberton Director, Division for Management Services
	Ms. Iva Goricnik Chief, Resource Planning and Budgeting Branch
UNHCR	Ms. Ana Maria Cristescu Senior Policy Advisor (Finance), Policy and Audit Coordination Unit, Office of the Controller
	Ms. Carmen Hett Treasurer
UNICEF	Mr. Thomas Asare Comptroller & Director, Division of Financial and Administrative Management
UNIDO	Ms. Liliya Sydorenko Chief, Financial Management of Technical Cooperation Division
UNOPS	Mr. Jawid Azizi Head of Financial Statements and UNBOA Relations
	Mr. Julian Cafolla Head of Treasury
	Ms. Marianne de la Touche CFO and Director of Administration
	Mr. Sven Eckert Head of Project Finance
	Mr. Vilhelm Klareskov Head of Financial Performance Management and Reporting
	Ms. Kelly McBride Deputy CFO
	Ms. Hanna Pyokari Head of Financial Planning and Analysis
UNOV/ UNODC	Mr. Peter Erhart Senior Programme Coordinator, Change Management and Business Transformation
UNWTO	Ms. Monica Gonzalez Chief, Budget and Finance
UN Women	Ms. Donna Grimwade Deputy Director of Financial Management, Division of Management and Administration
	Mr. Aamir Awan Chief of Budget
WFP	Mr. Robert van der Zee Director, Finance and Treasury Division
	Mr. Jonathan Howitt Director, Enterprise Risk Management, and Chief Risk Officer
WHO	Ms. Jane Stewart Comptroller and Director, Department of Finance A.I

Organization	Name and Title
WIPO	Ms. Chitra Narayanaswamy Director (Controller), Department of Program Planning and Finance
	Ms. Janice Cook Robbins Director, Finance Division
UNFCCC	Ms. Juleka Rajah Chief of Financial Resources Management
ICGEB	Ms. Maria Luisa Fichera Chief, Legal & Administration
OSCE	Mr. John F. Arguirre Acting Director for the Department of Management and Finance
	Mr. Andrew Carine Chief, Accounts Unit
UNJSPF	
CEB Secretariat	Mr. Remo Lalli HLCM Secretary, Chief CEB Secretariat Geneva
	Ms. Laura Gallacher Inter-Agency Officer, Finance and Budget Network
	Mr. Ole Emmrich Associate Expert in Human Resources Management, Finance and Budget