

REPORT OF THE SEVENTY-EIGHTH SESSION OF THE  
CONSULTATIVE COMMITTEE ON ADMINISTRATIVE QUESTIONS

(FINANCIAL AND BUDGETARY QUESTIONS)

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## ANNEXES

- I. List of participants
- II. Agenda adopted by the Committee on 8 March 1993
- III. Country-wide exceptions to the standard formula for the currency of payment of salaries and allowances of internationally-recruited staff

### Introduction

1. The Consultative Committee on Administrative Questions held its seventy-eighth session on financial and budgetary questions from 8 to 12 March 1993 at the Headquarters of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, in Vienna. Mr. A. Ahmad (ILO) was Chairman and Mr. K. Yamamoto (UNICEF) Vice-Chairman. The participants are listed in annex I.

2. At the opening of the session the participants heard a statement by the Acting Commissioner-General of UNRWA, who welcomed the Committee and wished it success in its endeavours. The Committee expressed its appreciation for these good wishes and for the hospitality extended to it.

### Matters for the attention of the Administrative Committee on Coordination

3. The Committee wished to draw the attention of ACC to the considerations on the current financial situation of organizations of the system which are recorded in paragraphs 47 to 50 below.

### Discussions and decisions of the Committee

#### Adoption of the agenda

4. The Committee adopted the agenda set out in annex II, which also indicates the documents submitted under the various items of the agenda.

#### Programme and budget: Jointly-financed activities

##### Proposed programme budgets for 1994-1995

5. In accordance with standing arrangements, the Committee had

before it, for inter-organization financial review on behalf of ACC, 1994-1995 programme budget proposals for various jointly-financed

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bodies. These proposals were supplemented in most cases by information on the use of previous budgetary appropriations.

6. In the case of jointly-financed activities under the auspices of ACC, the situation depended on the outcome of the review now under way on the role and functioning of ACC and its subsidiary machinery. The Committee attempted to take account of the progress of this review as known at the time of its deliberations. In respect of the grading of senior posts, which it would have wished to examine carefully in several budgets, it agreed that conclusions would need to await related decisions regarding the ACC machinery as a whole.

7. During its last discussion of proposed programme budgets for jointly-financed activities, which had taken place in March 1991, the Committee had stated general considerations of financial policy that it would have to bear in mind. Of primary importance among these considerations had been the principle of zero real growth, which was insisted upon by Governments in respect of the budgets proposed by the organizations themselves, sometimes with the further requirement that part of the higher costs due to currency instability and inflation should be absorbed. Nothing had occurred in the meantime to alter this position. On the contrary, non-payment and delayed payment of contributions had obliged a number of organizations to seek still further economies. These circumstances could not be lost from sight when it came to considering activities whose expenses were met by the organizations. Not only zero growth, but reductions in expenditure levels, had to be sought where such reductions appeared to be feasible.

8. In this regard the Committee recalled that in approving proposals submitted at its last session for strengthening the staffing of the

Office of the United Nations Security Coordinator, it had indicated that it would have to seek corresponding savings in the cost of other jointly-financed activities when it came to consider their proposed programme budgets for 1994-1995.

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#### International Civil Service Commission

9. The 1994-1995 programme budget proposals of the International Civil Service Commission, drawn up by the secretariat of the Commission for consideration at its thirty-seventh session (8-26 March 1993), provided, as presented, for total expenditure of \$10,407,300 in 1994-1995 as against \$10,030,200 in 1992-1993. At the time of the Committee's session the results of review of the proposals by the Commission itself were not known. The proposals had, however, been examined at the seventy-eighth (1-5 March 1993) session of CCAQ(PER), whose position on them was communicated to CCAQ(FB).

10. The Committee was disappointed that the secretariat of the Commission had not been guided by the considerations mentioned in paragraph 7 above in respect of resource growth. The proposals had also not been prepared in accordance with the timetable for the submission of contributions to the Secretary-General's proposed programme budget for the biennium 1994-1995, and had not been available in time for organizations to examine them in advance of the sessions of CCAQ(PER) and CCAQ(FB). Moreover, in spite of earlier requests, the proposals had not been routed to the United Nations Office of Programme Planning, Budget and Finance for prior technical review before their issue.

11. The Committee found, in part as a result of the lack of such review, that the proposals were defective in a number of respects. For example, it was not clear that they took full account of requirements arising out of action by the General Assembly which was relevant to the Commission's programme of work. From the financial

point of view they understated estimated resource requirements by taking an unrevised 1993 cost base as their point of departure. There were also inaccuracies in the staffing tables as presented.

12. Turning to the details of the proposals, the Committee was



surprised that biennialization of the Commission's programme of work was not leading to a reduction in the duration of some of its sessions. The Committee found that the provisions for secretariat staff attendance at sessions of the Commission were clearly excessive and should be cut back. The participants were not fully convinced that sessions of the Commission could be held at field locations at no extra cost, given the need for conference servicing staff, especially interpreters and translators, who were not likely to be available at field locations but were provided at no charge in New York. In this connection, the Committee noted that organizations in Europe where sessions of the Commission had taken place had frequently also provided conference servicing facilities free of charge and that the provision made in the Commission's budget for temporary assistance for meetings in 1990-1991 had been significantly underspent.

13. The proposals concerning the Cost of Living Division of the Commission's secretariat mentioned administrative improvements leading to the simplification of work flows and improvements in efficiency. The Committee believed that the resulting economies, together with those stemming from biennialization of the programme of work, should make it possible to reduce the staffing level of the Division.

14. For the Commission's secretariat as a whole, the Committee found that up to five posts could be eliminated. It also believed that the increase proposed for consultant services was unjustified in view of the level of expertise available among the existing staff.

15. The Committee discussed the advantages and disadvantages of arrangements under which the budget of the Commission, rather than the organizations concerned, should meet the travel costs of members of the Commission and staff of its secretariat who attended the meetings of governing bodies for discussions of staff questions. It was agreed that a provision of \$20,000 should be separately earmarked for this

purpose on a trial basis in 1994-1995, within the limits of reduced estimates for travel costs in general. The use of the provision would be reported upon separately in the proposed programme budget for 1996-1997, during review of which the need for continuing it would be examined.

#### Joint Inspection Unit

16. The proposed programme budget submitted by the Joint Inspection Unit for 1994-1995 came to a total of \$8,144,500 at revised 1993 rates. It provided for no real increase in resources, in accordance with the view expressed by the Advisory Committee on Administrative and Budgetary Questions in its recent report on the Unit (A/47/755, para.42).

17. In the course of its past reviews of programme budget proposals, the Committee had noted that the usefulness of the Joint Inspection Unit had been questioned in several governing bodies. Similar questions, put forward on behalf of organizations' administrations, had been noted in the Advisory Committee's report (ibid., para. 41). The Committee had also drawn attention in the past to the difficulties experienced by organizations of the system, in the prevailing financial circumstances, in contributing to the Unit's costs and in taking advantage of the results of its work. In all these circumstances, it was with some reluctance that the Committee agreed to accept the proposals before it.

#### Secretariat of the Consultative Committee on Substantive Questions

18. The Committee noted that a new Consultative Committee on Substantive Questions had been established during the current review of the role and functioning of ACC and its subsidiary machinery. This Committee, which among other things was to pursue elements of the

work programme of the previous CCSQ(OPS), was scheduled to hold its first session from 16 to 19 March 1993 and to consider its draft

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terms of reference on that occasion. Secretariat arrangements for the new Committee were also likely to be discussed during the session. In addition, further to a preliminary exchange of views by the Organizational Committee at its session of 8-12 February 1993 on related matters, the broader subject of inter-organization secretariat support for the ACC machinery was expected to be examined at the Organizational Committee's session of 5-8 April 1993, in the course of preparation of final decisions for ACC on the restructuring of this machinery.

19. In such conditions CCAQ(FB) concluded that it was not in a position to consider, on the basis of 1994-1995 programme budget proposals prepared for CCSQ(OPS), specific questions relating to the budget and financing of the new Committee. It trusted that it would be consulted in due course on 1993 and 1994-1995 programme budgets for the Committee's secretariat and related cost-sharing arrangements.

Secretariat of the Consultative Committee on Administrative Questions

20. The 1994-1995 programme budget proposed by the secretariat of CCAQ came to a total of \$1,688,000 at revised 1993 rates. The proposals, which provided for a marginal decrease in real resources, had been submitted without prejudice to decisions to be taken by ACC on the structure of its subsidiary machinery. The views of CCAQ(PER) on the proposals were communicated to the participants at the outset of the Committee's discussion.

21. Recalling the considerations in paragraph 6 above, the Committee withheld comment on questions relating to the grading of posts. It found that the provision proposed by the CCAQ secretariat for travel

on official business could have taken greater account of the biennialization of the programme of work of ICSC and the resulting possibilities of reducing the length of some of its sessions, and that the period of attendance of different members of the secretariat during sessions of the General Assembly and the Commission could be

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curtailed. These and other possibilities of savings on travel costs led the Committee to conclude that the estimate for such costs could be reduced by some 10 per cent over all.

Secretariat of the Advisory Committee for the Coordination of Information Systems

22. The proposed programme budget of the secretariat of ACCIS for 1994-1995 provided for total expenditure of \$2,519,000 at revised 1993 rates, and on the basis of zero programme growth.

23. The proposals were presented to the Committee by the Executive Secretary of ACCIS, who indicated that its major concerns were making information resources of the United Nations system available to member States, improving the information infrastructure within the system and providing basic coordination services in the information field. The Executive Secretary pointed to the potential for action in these areas, and to the urgency of such action, in the light of demands on the part of governments and largely untapped possibilities offered by new technologies for improving services and reducing costs in the organizations themselves. The Executive Secretary also drew attention to the constraints placed on the action of the ACCIS secretariat by its limited resources and its involvement in the implementation of projects where its role had been intended to be no more than that of providing an impetus.

24. After discussing several aspects of the ACCIS work programme with the Executive Secretary, including matters relating to the use by specialized agencies of the United Nations telecommunications network,

the Committee agreed that it could not usefully consider the programme budget proposals in detail at the present stage. The proposals were accepted as a whole on a provisional basis, subject to further review at the Committee's next session before final approval. During that review account would be taken of any needs for major adjustments that might arise out of decisions by ACC on future arrangements for inter-organization information activities.

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#### ACC Subcommittee on Nutrition

25. The proposed programme budget of the ACC Subcommittee on Nutrition for 1994-1995 came to a total amount of \$2,052,000. The expenditure estimates were costed at rates commonly agreed by organizations of the United Nations system in Geneva and provided for zero real growth. The proposed work programme and resource estimates were accompanied by interim financial data on the implementation of the programme budget for 1992-1993 and proposals concerning financing in 1994-1995.

26. The programme budget proposals were presented by an Adviser to the Subcommittee's Technical Secretary, who indicated that the Organizational Committee in February 1993 had requested the Subcommittee to review its role and functioning on the basis of specific guidelines, and had proposed to return to the various issues involved in April 1993. The Subcommittee had carried out this review in February 1993 and had concluded that it continued to fulfil a useful function, which should be maintained. The programme now put forward was divided, as in 1992-1993, into core and supplementary activities, and the proposed financing consisted of contributions to be made by participating organizations, confirmed supplementary contributions and supplementary contributions remaining to be found.

27. The Adviser to the Technical Secretary then responded to various questions raised by members of the Committee, in particular with

regard to the functions of the Subcommittee's secretariat, its complement of posts, changes in the proportion of core and supplementary activities and the likelihood of receipt of contributions from participating organizations.

28. The Committee was of the view, which it had already stated in relation to other jointly-financed bodies, that all organizations participating in the Subcommittee's activities should participate in

the financing of its core activities. It noted that this was not the case in the financing foreseen for 1994-1995.

29. Of even greater concern to the Committee was the uncertainty surrounding the ability of certain participants, including some from which large contributions were foreseen, to meet the financial commitments indicated. The Committee believed that it could not responsibly approve the proposed programme budget until agreed basic contributions were assured. It requested the secretariat of the Subcommittee to pursue this matter with the various organizations interested in its work, with a view to developing revised financing proposals for consideration at the next session of CCAQ(FB).

#### Salary survey activities

30. The Committee was unable to consider a proposed 1994-1995 programme budget for inter-organization salary survey activities, which had not been submitted in time for an agreed position to be communicated to it by CCAQ(PER).

#### Cost-sharing arrangements

31. The Committee took note of the percentage shares of participating organizations in the costs of ICSC, JIU and the secretariats of CCSQ(OPS), CCAQ and ACCIS in 1992-1993. It also noted that the apportionment of the costs of JIU would be adjusted as soon as comparable 1990-1991 expenditure data had been ascertained for UNDP and UNFPA as a basis for their percentage shares. The question of an appropriate cost-sharing formula for the new CCSQ and the date of application of the formula could be examined by CCAQ(FB) when the factors to be taken into account were known.

Accounting and financial reporting

Accounting standards

32. The Committee had before it the report of the third meeting of its Working Party on Accounting Standards, which had taken place from 1 to 3 December 1992, and a note on follow-up consultations held on 29 January 1993 between members of the Working Party and representatives of the Panel of External Auditors. In reviewing the first of these documents the Committee gave attention in particular to the Working Party's annotated new revision of the draft accounting standards for the United Nations system, which took account of the external auditors' observations on the previous draft. The Committee also studied the Working Party's views on policy issues and its recommendations for further action as set out in this document and, in the second document, the additional suggestions put forward jointly by the representatives of the Working Party and the Panel.

33. The Committee expressed satisfaction with the professional quality of the work accomplished by the Working Party and with the spirit of cooperation developed between its members and the representatives of the Panel.

34. The Committee took note of decision 47/449, adopted on 22 December 1992, in which the General Assembly had decided to:

(...) request the Secretary-General and the executive heads of United Nations programmes and organizations of the United Nations system, pursuant to General Assembly decision 46/445 of 20 December 1991, to complete their efforts to develop common accounting standards for the organizations of the United Nations system and to take these standards into account in the preparation of their financial statements for the period ending 31 December 1993, and request the Secretary-General to report thereon to the General Assembly at its forty-eighth session.

35. In this perspective, and in accordance with the timetable which it had established at the outset of the project, the Committee



approved the proposals of the Working Party on further work, as well as the related joint suggestions by its representatives and those of ACC/1993/7  
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the Panel. The Committee decided that this work should be carried out at a fourth meeting of the Working Party, which would be held for up to five days starting on Monday 28 June 1993. The Committee accepted with appreciation an offer of the ILO to provide the necessary facilities for this meeting at its Headquarters in Geneva. The Working Party was requested to add to the matters to be considered during its meeting the further development of the present paragraph 7 of the draft standards, concerning revenue-producing activities, and suggestions to be submitted by ICAO in relation to the section on currency questions.

36. The Committee attached great importance to continued cooperation with the Panel in the development of the standards and, with this in view, accepted the suggestion that the report of the Working Party's next meeting should be referred to the Panel's Technical Group, through its Chairman, for observations. These observations would then be considered by the Committee in conjunction with the Working Party's report.

37. At its autumn session of 1993 the Committee expected to be able to approve on behalf of ACC a complete set of accounting standards for the system. The ACC standards would then be presented to the General Assembly for information at its forty-eighth session. Thereafter, as soon as schedules of meetings permitted, the standards would be communicated as necessary to the governing bodies of other organizations of the system. In the submissions made it would need to be pointed out that although the standards represented the conclusion of a first phase of development they should be regarded, in the words of the Panel, as a "living document" that would call for continuing review and development through the same procedures as those by which the text had been established.

38. The Committee concurred with the view put forward by the representatives of the Panel concerning the time that would be required for organizations to adjust their accounting and financial reporting practices once the standards had been adopted. Although,

as requested by the General Assembly, the standards would be taken into account in the preparation of financial statements for the period ending 31 December 1993, the process of full adaptation was likely to extend over several years, given among other things that the amendment of financial regulations would be involved in a number of cases. The need for an appropriate transitional period would also need to be made clear when the standards were communicated to governing bodies.

39. Finally, the Committee observed that the adoption of system-wide accounting standards would not, in itself, necessarily lead to greater uniformity in the presentation of organizations' financial reports and statements. Such harmonization, which the Committee considered to be a matter of priority, would have to be sought through resumption of the work that had already been initiated by CCAQ(FB) in this area. The Committee agreed to return at its next session to the means by which such work might best be pursued as a complement to the standards.

#### Audit questions

40. The Committee had before it, on the initiative of UNDP, the text of Audit Guideline 12, entitled "Using the work of another auditor of UN organizations", which had been adopted by the Panel of External Auditors at its thirty-fourth session, in November 1992. After an exchange of views this text was noted.

41. UNFPA informed the Committee that it expected its standard basic executing agency agreement to be ready for transmission to the organizations concerned in the near future. It requested the recipients to examine and sign the agreement as expeditiously as possible.

#### ACC statistical report on the budgetary and financial situation of organizations of the United Nations system

42. The Committee was informed that the first two issues of the new ACC/1993/7 page 16

series of statistical reports by ACC on the budgetary and financial situation of organizations of the United Nations system (A/47/593 and its Corr.1 and A/47/786) had been submitted to the General Assembly at its forty-seventh session. In the decision subsequently adopted (No. 47/449, of 22 December 1992) the General Assembly, having noted the reports, had decided to:

(...) request the Secretary-General, as Chairman of the Administrative Committee on Coordination, taking into account General Assembly resolution 46/220 of 20 December 1991 on the rationalization of the work of the Fifth Committee, to submit the next statistical report by the Administrative Committee on Coordination to the General Assembly at its forty-ninth session and thereafter every second year, and to add to the material covered therein information on assessed and voluntary contributions paid by Member States and non-Member States, in each of the two prior calendar years.

43. The Committee noted suggestions on ways in which the report might be modified to respond to this request.

44. The Committee also asked its secretariat to explore possible arrangements for electronic submission of the data required for inclusion in the next report, and means of making the report available to interested parties by electronic means, through the UNDICS facility in the first instance.

Payment of salaries and allowances: Currency of salary payments - Country-wide exceptions to the standard formula

45. The Committee took note of a report by the United Nations and UNDP on country-wide exceptions agreed by them since the last session to the standard formula for the currency of payment of salaries and allowances to international staff stationed in countries having non-convertible currencies. The exceptions were:

- (a) Albania and Eritrea - 100 per cent payments in convertible currency, with effect from 1 December 1992 and 1 January 1993 respectively;

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- (b) CIS countries, Baltic States and Georgia - 100 per cent payments in convertible currency in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Turkmenistan, Ukraine and Uzbekistan with effect from 1 February 1993; 90 per cent payments in convertible currency in Estonia, Latvia, Lithuania and the Russian Federation and continuation of 90 per cent payments in Belarus with effect from the same date. These exceptions were to remain valid until the end of 1993, at which time they would be re-examined.

46. The current list of country-wide exceptions to the standard formula for the currency of salary payments appears in annex III.

#### Cash management

##### Current financial situation of organizations of the system

47. The Committee pursued its regular reviews on an organization-by-organization basis of the current financial position and outlook of organizations of the system.

48. System-wide information recently collected for CCAQ(FB) showed that some \$715 million, or nearly 27 per cent of total contributions of about \$2,650 million due for the year 1992 under assessed regular budgets, had remained unpaid at the year-end; cumulative arrears for prior years had amounted to over \$406 million, or more than 15 per cent of the 1992 assessments, at the same date. The 29 largest contributors under the current scale of assessments of the United Nations had accounted for more than \$624 million of the unpaid 1992

assessments in the system, and for over \$274 million of the cumulative arrears for prior years. These two amounts represented, respectively, some 26 and some 11 per cent of the largest contributors' total 1992 assessments of about \$2,417 million under regular budgets.

49. The further information put forward during the Committee's ACC/1993/7 page 18

discussion indicated that although there had been a slight improvement in the collection of current contributions in some organizations in the early months of 1993, the opposite was the case in others and, in nearly all organizations having assessed regular budgets, the general financial situation gave rise to even more grave concern than in the past. In spite of programme reductions and various other measures taken or under consideration in these organizations to deal with shortfalls in the receipt of contributions, current cash-flow projections led most of them to expect that their ability to meet their expenditure would deteriorate still further as the year 1993 continued.

50. The information provided during the discussion also suggested that there was cause for concern about future resource availabilities in funding organizations of the system.

#### Deposit and investment arrangements

51. In accordance with standing arrangements, the participants in the session held a private exchange of information on matters of current interest in relation to the safety of the organizations' cash assets.

#### General financial systems

##### Extrabudgetary activities financed by the Commission of the European Communities

52. The United Nations informed the Committee of the status of its

contacts with the Commission of the European Communities on financial arrangements for trust-fund activities financed by it. While addressing in the first instance the major problems which had prevented the United Nations from accepting financing by the Commission of proposed humanitarian and other activities, these contacts had been intended to lay the foundation for a form of agreement that could be adopted as a model acceptable to the organizations of the system generally. The contacts had included

consultations in Brussels, at which a number of Directorates of the Commission had been represented, and further meetings with senior staff of the missions of Members of the Communities in New York. An invitation had recently been received by the United Nations from the Financial Controller of the Commission to resume discussions in Brussels.

53. From the point of view of the United Nations system the Commission of the European Communities represented a particularly important potential donor, having regard both to the nature of the activities in which it had expressed an interest and to the magnitude of the resources at its disposal. The Commission was also, however, the donor with which most of the organizations of the system had experienced the greatest difficulties in developing mutually satisfactory agreements. These difficulties had frequently either prevented the organizations from accepting funds or had permitted the acceptance of funds only in emergency conditions and on an ad hoc, provisional basis. The difficulties stemmed essentially from incompatibilities between the conditions prescribed by the Commission and those which the organizations were able to accept under the financial regulations laid down by their member States. The difficulties were compounded by the complexity of dealing with an administration in which different entities had established different requirements. In negotiations pursued over a number of years, no consistent solutions had yet been reached on questions which were of vital importance to the organizations, such as audit arrangements respecting the mandates of their internal and external auditors, freedom from tied procurement requirements, financial conditions providing for payments in advance of expenditures, and satisfactory support-cost provisions.

54. The Committee was brought up to date on the action currently under way in individual organizations, or mandated by their governing bodies, to deal with these long-standing problems. Participants were



encouraged by the outcome of the efforts undertaken by FAO, which had reached several basic agreements with the Commission and was now

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engaged in finalizing modalities for their application.

55. The Committee considered that the need to develop satisfactory system-wide arrangements for activities to be financed by the Commission had now become a matter of urgency. It believed that a foundation for arriving at such arrangements might now be in place and hoped that the initiatives taken would soon meet with success. It asked to be informed of results at its next session. In the meantime it requested that significant developments should be brought to the attention of its members through the CCAQ secretariat.

#### Support costs

56. The Committee had before it the report of a Working Group on Support Costs, which as decided at the last session had met on 22 and 23 October 1992 to consider matters relating to cost-survey work in 1993 in the organizations subject to the successor support-cost régime of UNDP. Among other things the report contained a project description, a timetable and an overall budget, agreed by the Working Group, for cost-survey work to be performed under a contract with David M. Griffith & Associates, Ltd. (DMG). The data obtained were to serve as a basis for (a) the ex post facto report on support costs incurred in 1992-1993 which was to be submitted to the Governing Council of UNDP in 1994; and (b) the establishment of UNDP rates of support-cost reimbursement for 1994-1995.

57. In the meantime it had become clear that for organizational reasons it would not be possible for the United Nations and the present UNDP/OPS to participate in the 1993 project according to the agreed timetable, although it was recognized that participation

represented a continuing commitment and that all organizations concerned intended to be involved in later stages. Against this background consideration was given to alternative proposals prepared by DMG and to other possible arrangements.

58. After some discussion, it was agreed that the cost-survey

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calculations concerning the United Nations and the present UNDP/OPS could be deferred until early 1994, it being understood that for all organizations concerned the calculations of rates for 1994-1995 would involve only the TSS-1 and TSS-2 components of the successor arrangements. (For the ex post facto report on 1992-1993 expenditures, an average rate would be calculated both for each of these two components and for AOS.) In this way, all organizations subject to the successor régime would continue to be covered, and all would be able to participate in the financing of the project according to the formula previously adopted, i.e.:

<u>Organization</u>	<u>Percentage share</u>
United Nations	18.41
UNDP	24.92
ILO	11.02
FAO	27.31
UNESCO	5.06
UNIDO	13.28
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	100.00
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DMG worked out a new project description, timetable and budget to take account of the discussion in the Committee, which then requested FAO to finalize them after the session in consultation with the other organizations concerned and with DMG.

59. The Committee also requested UNDP take responsibility for the necessary contractual arrangements with DMG, and UNDP agreed to do so.

60. UNDP indicated that it intended to submit to CCAQ(FB) at its next session revised proposals concerning the format for ex post facto reporting to the Governing Council. The proposals would take account of agreements reached by the Working Group on Support Costs in October 1992.

61. As decided at its last session, the Committee then resumed its examination of the question of support-cost charges for activities  
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financed by trust funds. It considered the views of several organizations on possible changes in the current standard support-cost charge of 13 per cent of project costs, and the desirability of maintaining a single standard rate.

62. It was noted that different interests came into play in this matter. Proposals for a change in the standard system, offering several alternatives which included a higher percentage charge, had met with little support at the last session of the Executive Board of WHO.

63. FAO provided the Committee with a study commissioned by it from DMG on a possible new support-cost system for its trust-fund activities, which had been presented to its Council in November 1992. This system maintained the principle of cost-sharing, but was designed to reduce the burden of trust-fund support services on the regular budget, while enhancing the quality of service provided, adding to the transparency of the amounts charged and improving accountability for the use of funds. Support charges were based as far as possible on costs rather than delivery, and included a fee for services of the TSS type and lump-sum charges for services of the AOS type in cases where such services had been found to lend themselves to this approach.

64. The Committee expressed interest in this proposed system, while noting that it would result in different charges for trust-fund support services for different projects and, if generally applied, in

different organizations of the system. It was agreed that a follow-up discussion should be held at the next session, during which the latest developments would be brought to the Committee's attention.

Inter-organization data base

65. The Committee reviewed organizations' recent experience with the UNDICS facility. The problem must frequently mentioned by participants had to do with timeliness and accuracy in updating the modules containing rates of daily subsistence allowance. Updates of

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the machine-readable historical file of these rates had taken place only four times in 1992, and none had so far been made in 1993. Problems of this kind defeated the principal purpose of the facility, which was to provide timely and accurate data that could be directly integrated into organizations' operating systems. There had, moreover, been no satisfactory response by the originator of the data (the ICSC secretariat) to representations made over a period of several months. Fewer problems were reported with other modules of the facility, although inaccuracies had been noted in the file of operational exchange rates.

66. It appeared to the Committee that the absence of modern input techniques, which would enable various outputs to be produced simultaneously (in the case of rates of daily subsistence allowance, telexes, monthly circulars and historical reports), lay at the root of the problem. An edit check programme should also be used by all originators of data.

67. The Committee requested its Chairman to send a letter to the Chairman of ICSC to draw attention to this matter, illustrating the problem with specific examples. The Chairman of CCAQ(FB) might also recall in his letter that the United Nations had already offered to make the services of a systems specialist available to the ICSC secretariat to provide any technical assistance that it might need.

68. The United Nations informed the Committee that the UNDICS Coordinator, whose mission was to act as an interface between users and originators of the data in the UNDICS facility, was now Ms. Sharon van Buerle, and that she could be reached in the Office of the United Nations Deputy Controller.

Internal controls

69. The Committee held a private discussion of matters related to the detection and prevention of fraud.

Other financial and budgetary questions

Financial regulations: Review of amendments

70. The Committee was informed of amendments to financial regulations and other basic texts approved or proposed in UNDP, ILO, ICAO, ITU and IAEA. It noted with particular interest the deferred programme arrangements reflected in the amendments reported by IAEA, and on which the latter provided additional explanations at the request of other participants.

Productivity improvement

Travel arrangements and procedures

71. In a paper prepared for CCAQ(PER) and also referred to CCAQ(FB), the participants in the session were informed of developments in the United Nations on the subject of travel standards.

72. The participants were also informed of a recent decision by the United Nations to raise from 80 to 100 per cent the maximum amount of daily subsistence allowance that could be advanced by it for travel on official business. The United Nations explained that the change had been made to meet requests emanating from certain duty stations where it was considered that personal hardship could result from the 80 per cent ceiling. The new 100 per cent ceiling was applicable only to staff members and did not cover terminal expenses. It did not eliminate the need for the submission and processing of travel claims.

Procurement arrangements

73. IAPSO informed the Committee of the current status of the United Nations Common Coding System for Goods and Services (UNCCS) discussed by the Committee in March 1992, and of the procedures adopted for its

maintenance. The Committee endorsed UNCCS in principle as the coding system for procurement activities in the United Nations system, on the

understanding that its adoption in practice would necessarily be a gradual process. The Committee agreed that IAPSO, as designated by the Inter-Agency Procurement Working Group, should bear responsibility for updating and maintaining the system, to ensure its consistency and uniformity.

74. At its last session the Committee had endorsed the principle of eventual harmonization of the country and currency codes used in conjunction with procurement and other operations and had encouraged IAPSO to collaborate with the International Standards Organization in the development of the codes recommended, i.e. UN Alpha-3 for countries and ISO 4217 (SWIFT) for currencies. IAPSO now reported on the progress of this work and proposed that the ISO Alpha-3 code, which resembled UN Alpha-3 but was in wider use, should be considered in its place as the system's standard country code. This code was currently under review, and it seemed likely that desirable features of UN Alpha-3 could be incorporated in it.

75. The participants in the session had the opportunity to discuss this subject with a representative of ISO, who provided background information and responded to various questions. At the close of the discussion the Committee approved in principle the eventual adoption in the system of the new ISO Alpha-3 code that would emerge from the current review, and requested IAPSO to continue to collaborate with ISO in its development.

#### Organizational questions

##### Role and functioning of ACC and its subsidiary machinery

76. The members of the Committee were informed of recent developments in the review currently under way of the role and functioning of ACC



and its subsidiary machinery.

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Time and place of the next session

77. Subject to any relevant decisions by ACC, the Committee agreed that the seventy-ninth session of CCAQ on financial and budgetary questions should be held from 30 August to 3 September 1993. ICAO offered to examine the possibility of acting as host at its Headquarters in Montreal.

CCAQ secretariat affairs

78. The Committee confirmed and continued the authority delegated to its Chairman in March 1992 in respect of questions relating to the CCAQ secretariat.

Work programme of the secretariat

79. The Committee noted that the work programme of its secretariat up to the next session would include the following items:

- (a) Various tasks related to accounting standards, including preparations for, attendance at and follow-up on the fourth meeting of the CCAQ(FB) Working Party. This work would be given priority attention with a view to the development of an appropriate presentation to the General Assembly at its forty-eighth session;
- (b) Completion of the 1993 report of ACC on programmes and resources of the United Nations system, for submission to CPC in May 1993 as an addendum to the ACC overview report for 1992;

(c) Preparation of CCAQ statistical tables as at 30 June 1993 on the collection of assessed and voluntary contributions;

(d) Work relating to support costs, as required;

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(e) Preparations for the next session of the Committee, including the submission as appropriate of revised programme budget proposals for jointly-financed activities.

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ANNEX I

List of participants

Chairman: Mr. Anees Ahmad  
Vice-Chairman: Mr. Kano Yamamoto  
Secretary: Mr. Lawrence Samuelson

Representatives of member organizations

United Nations	Ms. Susan R. Mills Deputy Controller
UNRWA	Mr. Hans Christian Cars Comptroller  Mr. Douglas Moore Chief, Accounts Division
UNHCR	Mr. Bryan Deschamp Senior Special Adviser to the Controller
UNICEF	Mr. Kano Yamamoto Comptroller
UNDP	Mr. Peter Leslie Director, Division of Finance  Mr. Ravi Rajan Officer-in-Charge Planning and Coordination Office Office of the Administrator  Mr. John Svendsen Director, Inter-Agency Procurement Services Office
UNFPA	Mr. Roberto Salom Chief, Finance Branch
WFP	Mr. Desmond Saldanha

Director, Finance and Computer Services Division

ITC	Mr. Joseph Smadja Chief, Budget
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ILO	Mr. Anees Ahmad Treasurer and Financial Comptroller Assistant Director-General  Mr. John Hunt Deputy Director Financial and Central Administrative Services Department
FAO	Mr. D. Colin McLean Chief, Accounting and Financial Service Financial Services Division
UNESCO	Mr. Daniel Daly Comptroller
ICAO	Mr. Olivier Tayar Chief, Finance Branch  Mr. Boafo O. Asante Chief, Programme Budget Service
WHO	Mr. Edward Uhde Director, Division of Budget and Finance  Mr. Chand N. Kaul Chief, Finance
World Bank	Mr. Kah Hie Lau Trust Funds Administrator Resource Mobilization Department
WMO	Mr. Mubarak Husain Chief, Finance and Budget
IMO	Mr. Dayasiri Muthumala Head of Finance and Budget
WIPO	Mr. Tony Keefer Controller and Director Budget and Finance Division
IFAD	Mr. Vernon Jorssen Controller

UNIDO

Mr. David H. Jenkins  
Director Designate  
Financial Services Division

Ms. Frances Boyle  
Treasurer  
Financial Services Division

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UNIDO (cont'd)

Mr. Julyan Watts  
Chief, Accounts and Payments Section  
Financial Services Division

Mr. Eric Whiting  
Chief, Budget Section  
Financial Services Division

Mr. Andrew Ingram  
Chief, Financial Management  
Technical Cooperation Section  
Financial Services Division

IAEA

Mr. André Gué  
Director  
Division of Budget and Finance

Ms. Gertrud Leitner  
Head, Budget Section  
Division of Budget and Finance

Mr. Nicolas Spartac  
Head, Control Section  
Division of Budget and Finance

Mr. Anthony Phillips  
Head, Operations Section  
Division of Budget and Finance

Mr. Joe Longton  
Head, Finance and Accounts Section  
Division of Budget and Finance

Mr. Heinz Rotte  
Finance and Accounts Section  
Division of Budget and Finance

GATT

Mr. Jacques E. Chabert  
Director, Finance and General Services Division

Other representatives

CCAQ                      Mr. Lawrence Samuelson  
Associate Secretary

ACCIS                      Ms. Celine Walker  
Executive Secretary

ACC Subcommittee      Mr. Arie Groenendijk  
on Nutrition              Adviser

ISO                         Mr. Axel Ermert  
Secretary, ISO 3166

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David M. Griffith      Mr. Michael Gotthainer  
& Associates, Ltd.      Manager

Observers

FICSA                      Ms. Shirley Clements (IAEA)  
  
Mr. Rudolf Müller (UNIDO)







Consultative Committee on  
Administrative Questions  
(Financial and Budgetary Questions)

Seventy-eighth session  
Vienna, 8-12 March 1993

REVISED PROVISIONAL LIST OF PARTICIPANTS

ORGANIZATION	NAME	TITLE
United Nations	Deputy Controller	Ms. Susan R. Mills
UNRWA	Mr. Hans Comptroller	Christian Cars
UNHCR	Mr. Bryan Deschamp	Senior Special Adviser to the Controller
UNICEF	Mr. Kano Yamamoto	Comptroller
UNDP	Mr. Peter Leslie	Director, Division of Finance
	Mr. Ravi Rajan	Officer-in-Charge Planning and Coordination Office
	Mr. John Svendsen	Director, Inter-Agency Procurement Services Office
UNFPA	Mr. Roberto Salom	Chief, Finance Branch
WFP	Mr. Desmond Saldanha	Director, Finance and Computer Services Division
ITC	Mr. Joseph Smadja	Chief, Budget
ILO Comptroller	Mr. Anees Ahmad	Treasurer and Financial Assistant Director-General
	Mr. John Hunt	Deputy Director, Financial and Central Administrative

Services Department

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ORGANIZATION	NAME	TITLE
Division	Mr . D . Colin McLean	Chief, Accounting and Financial Service, Financial Services
UNESCO	Mr. Daniel Daly	Comptroller
ICAO	Mr. Olivier Tayar	Chief, Finance Branch
WHO	Mr . B o a f o O . A s a n t e	Chief, Programme Budget Service
	Mr. Edward Uhde	Director Division of Budget and Finance
	Mr. Chand N. Kaul	Chief, Finance
World Bank	Mr. Kah Hie Lau	Trust Funds Administrator Resource Mobilization Department
WMO	Mr. Mubarak Husain	Chief, Finance and Budget
IMO	Mr . D a y a s i r i M u t h u m a l a	Head of Finance and Budget
WIPO	Mr. Tony Keefer	Controller and Director Budget and Finance Division
IFAD	Mr. Vernon Jorssen	Controller
UNIDO	Mr . D a v i d H . J e n k i n s	Director Designate, Financial Services Division
	Ms. Frances Boyle	Treasurer Financial Services Division
Section	Mr. Julyan Watts	Chief, Accounts & Payments Financial Services Division

Mr. Eric Whiting      Chief, Budget Section  
Financial Services Division

Mr. Andrew Ingram    Chief  
Financial Management, Technical  
Cooperation Section  
Financial Services Division

ORGANIZATION	NAME	TITLE
IAEA	Mr. André Gué	Director Division of Budget and Finance
	M s . G e r t r u d L e i t n e r Head, Budget Section	Division of Budget and Finance
	M r . N i c o l a s S p a r t a c Head, Control Section	Division of Budget and Finance
	M r . A n t h o n y P h i l l i p s Head, Operations Section	Division of Budget and Finance
Accounts Section Finance Section	Mr. Joe Longton	Head, Finance and Division of Budget and Finance and Accounts Division of Budget and Finance
	Mr. Heinz Rotte	Finance and Accounts Division of Budget and Finance
GATT General	Jacques E. Chabert	Director, Finance and Services Division
<u>Other representatives:</u>		
ISO Secretary, ISO 3166		Mr. Axel Ermert
CCAQ Associate Secretary		Mr. Lawrence Samuelson
ACCIS	Ms. Celine Walker	Executive Secretary
ACC Subcommittee on Nutrition	Mr. Arie Groenendijk	Adviser
David M. Griffith		Mr. Michael Gotthainer



PROPOSED TEXT ON ICSC BUDGET

The Committee was concerned that the proposed budget showed real growth at a time when most organizations had been obliged to implement programme and staffing reductions due to shortfalls in income. Under these circumstances, the Committee did not see why the Commission's budget should be treated differently.

The Committee also noted that efficiency improvements had been introduced in the Cost of Living Division and that economies should result from the change to a biennial programme of work. Therefore it is strongly recommended an overall reduction in the staffing level of up to five posts.

Because of the biennialisation of the Commission's work programme, its spring sessions should be reduced from three to two weeks. The Committee also felt that further reductions in travel costs could be made by reducing staff attendance at meetings. In addition the Committee was not convinced that sessions of the Commission could be held at a field location at no extra cost and recommends that this proposal should not be approved.

Members of the Committee were divided as to whether the host organisations on the Commission's budgets should cover the travel costs of members and staff of the Commission to meetings of governing bodies dealing with staff questions. The Committee agreed to support the provision of \$20,000 for this purpose in the Commission's budget on a trial basis for 1994-1995.

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ACC/1993/FB/R.22

8 March 1993

Consultative Committee on  
Administrative Questions  
(Financial and Budgetary Questions)

Seventy-eighth session  
Vienna, 8-12 March 1993

Item 2.1.1 of the provisional agenda

PROPOSED PROGRAMME BUDGETS FOR 1994-1995:  
INTERNATIONAL CIVIL SERVICE COMMISSION

Note by the secretariat

1. Attached hereto is an advance copy of programme budget proposals of the ICSC for 1994-1995 (ICSC/37/R.17), drawn up by the secretariat of the Commission for consideration by the Commission at its thirty-seventh session (New York, 8-26 March 1993).

2. It is expected that the results of technical examination of the proposals by the Office of Programme Planning, Budget and Finance of the United Nations will be made available to the Committee separately. The Committee is also expected to be informed of the results of discussion of the proposals by CCAQ(PER).

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ACC/1993/FB/R.23

8 March 1993

Consultative Committee on  
Administrative Questions  
(Financial and Budgetary Questions)

Seventy-eighth session  
Vienna, 8-12 March 1993

Item 2.1.7 of the provisional agenda

PROPOSED PROGRAMME BUDGETS FOR 1994-95:  
SALARY SURVEY ACTIVITIES

Note by the secretariat

A proposed budget and a cost apportionment for jointly-financed salary survey activities in 1994-1995, as submitted in a conference-room paper to CCAQ(PER) at its seventy-eighth session (CCAQ(PER)/78/CRP.12), is being placed before CCAQ(FB) herewith for consideration. CCAQ(FB) will be advised separately of the views expressed by CCAQ(PER).

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ANNEX ..

Project description, with overall budget for contract with  
David M.  
Griffith and Associates, Ltd.

1992-1993 Ex Post Facto Report (Participating agencies FAO,  
ILO,  
UNESCO, UNDP-OPS, UN, and UNIDO)

Project Description Time  
table

- A. Revise work measurement questionnaire for  
September 1993  
professional and General Service staff to include  
specific identification of TSS-1 activities along  
with other necessary refinements and sample size
- B. Provide participating agencies with information on  
September 1993  
statistical measures required to allocate central  
administrative services and other fixed indirect  
costs to TSS and AOS, and assist in the collection of  
required data
- C. Assist participating agencies in conducting surveys  
September -  
of professional and General Service staff to  
February determine level of technical support and  
1994\*  
administrative/operational support to  
programmes/projects and collate and cost data  
received.
- D. Develop cost-measurement studies for participating  
January - agencies based on the cost of providing TSS-1, TSS-2  
March 1994  
and AOS services for the 1992-1993 biennium on the  
basis of actual costs for 1992-1993 and total actual  
1992-1993 field project delivery.
- E. Prepare final average rates for TSS-1, TSS-2 and AOS  
March 1994  
on the basis of 1992-1993 actual expenditures and  
delivery for the participating agencies. This

information would be provided for comparison with previous studies only and not used for rate setting

- F. Once cost-measurement studies have been accepted by 1 April 1994 participating agencies, provide information as required for ex post facto report to UNDP Governing Council in appropriate format

Annex ..  
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1994-1995 Technical Support Services Rate Calculation

Project description

Timetable

- G. Develop proposals on calculation of General Service October 1993  
support at headquarters and in the field and use of national experts and other non-consultant staff time expenditures in TSS-1 and, after acceptance by participating agencies and UNDP, compute ratios and costs
- H. In consultation with the United Nations, using the November -  
1990-1991 and 1992-1993 cost measurement studies  
December 1993  
for UNDTCD plus other relevant information which may be available such as standard cost increases, more recent New York post adjustment calculations, and actual 1992 and estimated 1993 delivery estimate the impact that the inclusion of the successor to UNDTCD will have on the participating agency TSS average rates, and obtain approval of the methodology from participating agencies.
- I. Prepare Individual Agency and final average rates  
December 1993  
for TSS-1 and TSS-2 on the basis of 1994-1995 approved budgets for the participating agencies adjusted to reflect the estimated impact of the inclusion of the successor to UNDTCD.

Budget - UNDP support-cost successor régime cost studies

<u>Project</u>	<u>Consultant time</u>	<u>Cost US\$</u>	<u>Total Budget US\$</u>
1992-1993	CMZ 8 days at \$950	7,600	
ex post facto	MLG 75 days at \$840	63,000	
	NHC 13 days at \$450	5,850	
	JMC 12 days at \$450	5,400	81,850
1994-1995	CMZ 1 day at \$950	950	
TSS Rates	MLG 10 days at \$840	8,400	
	NHC 2 days at \$450	900	
	JMC 2 days at \$450	900	<u>11,150</u>
	Total		93,000

N.B. Travel costs not to exceed an additional 22 per cent of the above total.

List of documents under the heading of "MTLOFT PRV" above :

Pages 1 - 3	8 March 1993	ACC/1993/FB/78/CRP.1/Rev.1 Revised Provisional List of Participants
Pages 4 - 12	9 March 1993	ACC/1993/FB/78/CRP.2 Draft Report of the Session (First extract)
Pages 13 - 17	11 March 1993	ACC/1993/FB/78/CRP.3 Draft Report of the Session (Second extract)
Pages 18 - 29	12 March 1993	ACC/1993/FB/78/CRP.4 Draft Report of the Session (Third extract)
Page 30 text on ICSC Budget	10 March 1993	Proposed Text of Mr. John Hart
Page 31 ACC/1993/FB/R.22  for  Service	8 March 1993	Proposed programme Budgets 1994-1995: Int'l Civil Commission
Page 32 ACC/1993/FB/R.23  for  Activities	8 March 1993	Proposed programme Budgets 1994-1995: Salary Survey
Pages 33 - 35	10 March 1993	Annex ..

LOFTHOUSE  
Ms Marie-Thérèse

EPL/LD/T/E

RIEDMANN IN WACHERMAYR  
Ms Monika

CS/MPI/MP

WAGNER  
Ms Gabrielle

CS/MPI

SAMANIEGO DE WEHLER-HARDT  
Ms Maria

CS/MPI

ISHKHANIAN  
Mr Varoujan

Conference Officer