

**Administrative Committee  
on Co-ordination**ACC/2000/6  
14 September 2000**REPORT OF THE NINETY-FIRST SESSION OF  
THE CONSULTATIVE COMMITTEE ON ADMINISTRATIVE QUESTIONS****(FINANCIAL AND BUDGETARY QUESTIONS)**

(Montreal, 28 August - 1 September 2000)

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## ANNEXES

- I. Agenda adopted by the Committee on 28 August 2000
- II. List of participants
- III. Revised texts of UNAS 49 and New UNAS 58
- IV. Subjects meriting further discussion by the Working Party on Accounting Standards
- V. Proposed changes/additions to Glossary: Accounting Standards

## **INTRODUCTION**

1. The Consultative Committee on Administrative Questions held its ninety-first session on financial and budgetary questions from 28 August to 1 September 2000 at ICAO Headquarters in Montreal. Mr. Abraham E. Espino (IAEA) was Chairman and Mr. Gary Eidet (ITU) was Vice-Chairman. The agenda adopted by the Committee, which also lists the documents submitted, may be found in annex I. A list of the participants appears in annex II.

### **PART I - MATTERS TO BE BROUGHT TO THE ATTENTION OF THE ADMINISTRATIVE COMMITTEE ON COORDINATION**

2. On behalf of ACC, the Committee approved a revision to United Nations Accounting Standards (UNAS) 49 and the addition of a new standard, UNAS 58. The revised text of these UNAS is given in Annex III. The Committee's considerations are covered in paragraphs 9 to 11 below.

#### **Current Budgetary Pressures**

3. The Committee had an extensive discussion of budgetary issues facing the organizations of the United Nations system. Many organizations were faced with zero or even negative growth budgets at least with regard to their core activities. Some organizations reported an increasingly higher percentage of total activities funded from "extrabudgetary" resources such as Trust Funds and cost sharing. After review of the level of arrears and problems of delayed payments by certain major contributors, participants discussed recent steps taken by some organizations with regard to incentives for prompt payment, the use of agreed payment schemes for certain Member States, and sanctions (including loss of voting rights) for late payments.

4. Organizations reaffirmed their commitment to finding ways of improving productivity and cost-effectiveness and were pleased to note that a number of agenda items for the session covered reform initiatives, new ways of conducting business, and possibilities for productivity improvements, including use of information technology and simplification of entitlements.

### **PART II - ACTION TAKEN AND DECISIONS ADOPTED BY THE COMMITTEE**

#### **Cost-sharing for inter-organizational security measures**

Document: ACC/2000/FB/R.2

5. The Committee approved the costs to be charged to individual organizations for inter-organizational security measures in 1999, on the basis of a document prepared by the United Nations. This gave a breakdown of expenditures related to security measures incurred by the United Nations during 1999 totaling US\$ 650,881. The Committee also approved expenditure on malicious acts insurance for 1999 totaling US\$ 1,606,060; this covered 30,719 staff members as well as consultants and experts on mission.

## **Cost allocations under the JIU and CCAQ formulae**

Document: ACC/2000/FB/R.3

6. The Committee reviewed draft indicative figures for allocation of the 2000-2001 costs of jointly-financed activities based on the agreed cost-sharing formulae and estimated programme expenditures before re-costing and other adjustments. It was noted that the document was an interim one in that the indicative figures reflected the available staffing statistics, i.e. as at end December 1998, and that a final document would be provided to the Committee's next session. This would incorporate cost sharing on the basis of staffing data as at end 1999 as well as dollar figures based on final approved budgets. It was also decided that, in line with GA resolution 54/49 that covered the United Nations' assumption of financial responsibility for costs previously allocated to UNHCR and UNRWA, these would no longer be separately identified but included in the overall United Nations figure.

## **Results-based budgeting**

7. Participants briefed the Committee on recent developments in their organizations with regard to results-based budgeting and/or similar results-based management. Organizations were requested to send the Secretary any relevant background documentation that might be of interest to other member organizations, for inclusion in the CCAQ(FB) web site.

## **Administrative costs**

8. Participants discussed recent changes in their organizations' treatment of such costs, including changes to definitions and the issue of appropriate allocation of costs in support of programme activities.

## **Accounting standards**

Documents: ACC/2000/FB/R.4 and Add.1

9. The Committee reviewed the report of the Working Party on Accounting Standards, which met in New York in June 2000. The Committee noted that the use of lead agencies to undertake preparatory work had once more greatly assisted the participants and was to be encouraged in the future. It expressed its appreciation to members of the Working Party and also requested the Chairman to write to Mr. Louis Bradley of UNICEF to thank him for his excellent work as Chair of the Working Party. After discussion the Committee approved on behalf of ACC, and with some minor amendments, the Working Party's recommendations as to revision of United Nations Accounting Standards (UNAS) 49 and the addition of a new standard, UNAS 58. The revised text of these UNAS is given in Annex III. It also agreed that, in line with the procedures agreed at a prior session, a further Working Party meeting should be planned for mid year 2001. Terms of reference could be finalized at the next session of the Committee, but preparatory work could start on the subjects considered to be of highest priority. These are listed in Annex IV.

10. The Committee welcomed Mr. David Woodward, Chairman of the Technical Group of the Panel of External Auditors, who briefed members on his participation in the meeting of the Working Party and on his views on the proposed revisions to the UNAS. Mr. Woodward also briefed the Committee on issues of interest to the Technical Group, as discussed at the Group's meeting in December 1999. He emphasized that the identification of issues meriting further review and refinement/clarification of the UNAS should in no way detract from the Committee's significant achievement in developing the Standards, which were a "living document". He supported the view expressed in the report of the Working Party that development of the Standards should be ongoing and welcomed the Committee's decision to hold a further meeting of the Working Party meeting in 2001. This would greatly assist the continuity of the process at a time when many who had been involved in development of the standards had retired or would be retiring soon. The Panel recognized that any further development of UNAS was the responsibility of the Committee, but members of the Panel stood ready to advise at all times.

11. The Committee expressed its appreciation to Mr. Woodward for his valuable contributions to the Working Party's discussions and for the work he had undertaken in briefing them on issues of interest to the Technical Group. It hoped that the Technical Group would communicate to the Committee the outcome of any discussions at its next session, scheduled for December 2000. The Committee was informed that Mr. Woodward's term as Chairman of the Technical Group was coming to an end and that this would, therefore, be the last time that he would participate in a session of the Committee. The Committee was confident that its good working relations with the Technical Group would continue and it would, as appropriate, avail itself of any assistance offered.

### **Long-term implications of after-service health insurance**

Document: ACC/2000/FB/R.16

12. The United Nations recalled that at the last session it had briefed the Committee on the recommendations by the Advisory Committee on Administrative and Budgetary Questions that the long term implications and impact of the growth to the cost of after-service health insurance benefits and the method of valuation of the liability relating to those benefits should be addressed on a system-wide basis, along with practical indications on how the United Nations Secretariat proposes to address the issue.

13. The United Nations confirmed that, in conjunction with the New York-based Funds and Programmes, a consulting actuary would shortly begin to review the issue with a view to identifying possible options. Inputs from other organizations would be welcomed, but it was suggested that this should take place after an initial report was presented to the Committee at its next session.

### **Management reforms and Productivity improvement**

#### **Computer systems and information technology**

Document: ACC/2000/FB/R.5

14. Representatives of UNICEF, ITU and WFP made presentations on their SAP-based projects, including lessons learned from successful implementation of complex new Enterprise Resource Systems

(ERP). IAEA made a similar presentation on how it went about the process of implementing its new system using Agresso software. It was also suggested that it might be appropriate to participate in a joint project for development of a SAP-based HR module that would allow processing of United Nations system payroll and entitlements. FAO discussed its experience in implementation of an ORACLE-based system and the United Nations announced that it had completed the development of IMIS with its last component, Payroll, being implemented at Headquarters in September 2000. This provides full payroll capability for all categories of staff at all duty stations, includes full retroactivity (individual personnel actions and changes of reference tables affecting groups of staff), disbursements in all currencies and reporting in US dollars; it also covers rental subsidy, insurance and end of service automated entitlements processing.

15. Principal lessons learned from the implementation of complex integrated systems included the necessity for top management support and full involvement and "ownership" by users; the need for up-front commitment to realistic funding of the total costs of the project, based on detailed estimates and with adequate planning for contingencies; the importance of well defined responsibility for project management with commensurate authority to take decisions and resolve issues; the need for rigorous monitoring and control of costs and progress; the key role of planning for migration from legacy systems, in that absence of a detailed plan for data clean up and migration can lead to disaster; the timing of staff training, with the need to avoid training too early in the process. The complexity of United Nations system rules and regulations, particularly those covering entitlements and Payroll was leading to high costs of systems implementation, as available commercial software packages could not meet these requirements without costly additional programming. It was thus important whenever possible to change internal procedures to bring them in line with commercial practices rather than go for expensive alterations to commercial packages. While very complicated to plan and implement, a "Big Bang" implementation of an integrated ERP was preferable to on-going operational headaches associated with interfaces with other systems.

16. WFP briefed the Committee on its arrangements with the International Computing Centre as provider of technical and operational support services for its new SAP-based system. ITU reported that it had made similar outsourcing arrangements with Compaq and suggested that there might be an opportunity for greater use by organizations of such outsourcing, possibly on a joint contract basis to obtain the benefits of economies of scale. WIPO made a presentation on its recent investment in high speed document scanning and printing systems which, together with a move to publishing on CDs (and later on DVDs), had provided major benefits with regard to the cost and speed of processing of international applications for intellectual property protection. WIPO also briefed the Committee on its success in implementing a new system for the handling of incoming payments and the subsequent electronic processing of payment information.

17. UNRWA has recently commenced implementation of Payroll/HR and Financial Management systems, using Microsoft Windows-based software developed by an Indian company. UNRWA's approach has been to minimize customization by changing its business processes and procedures in line with prevailing business practices. IMO announced that it had chosen the ATLAS travel processing system that had been successfully implemented at IAEA and FAO. This system was first demonstrated to the Committee when it met in Vienna; it was gratifying to see the longer term results and benefits of such information sharing as reflected in this choice.

18. The Committee welcomed the Secretary of the Information Systems Coordination Committee, who extended an invitation to the special session on "ERP lessons learned", to be held during the ISCC Annual Meeting (25-27 October 2000 in Geneva). He also briefed the members on the success to date of the ISCC-sponsored "UN Consortium for Electronic Information" that has negotiated joint licenses for access to commercial information sources. He welcomed further participation in the Consortium, which already had 41 participating organizations.

19. The Committee expressed its appreciation to the Director of ICC, for his thought-provoking presentation on Information "Technology Issues for Executives", made available to members in hard copy. Relevant extracts from UNICEF's report on its strategy and investments in information technology were provided to the Committee as background material for this discussion. It was agreed that this and similarly relevant documents from other organizations should be provided to the Secretary. These would then be incorporated into the pages on information technology on the CCAQ(FB) web site.

### **Knowledge Sharing, the CCAQ(FB) Web site and Bulletin Board**

Documents: ACC/2000/FB/R.7  
ACC/2000/FB/91/CRP.4

20. The World Bank made a presentation on the concept of knowledge sharing, how it was being implemented in World Bank, and what lessons learned from the World Bank's experience might be relevant to organizations in the UN system. Top management commitment had been an important factor as had been the designation of specific staff members to act as "guides" or facilitators for "thematic groups" or "communities of practice". The groups should themselves decide what, where and how to share, and with whom. It was important to ensure that material on electronic "Bulletin Boards" was current and that any lessons learned or best practices be summarized on a regular basis. So-called "virtual communities", whose members only met electronically, had not been as successful as those where members met at least once to get to know each other and then continued knowledge sharing electronically. Participants discussed the extent to which organizations might apply some of the knowledge sharing concepts within their own organizations and how best to apply these to the Committee's own activities, given existing resource constraints. The Committee expressed its appreciation to the World Bank for the presentation and hoped that there would be continued World Bank participation in future sessions.

21. The Committee was briefed on recent development of the CCAQ(FB) web site, covering what information was available for consultation on screen or for downloading. Documents for the present session had been provided in Adobe Acrobat .pdf format, as would all future documents. There was an ever-increasing number of previous session reports and documents and other material provided by organizations on subjects of interest made available for reference on the web site together with links to other sites such as those of the Panel of External Auditors and the JIU.

22. The Committee recalled that at its last session it had decided that a "chat room" section of the web site should be developed to enable inter-sessional discussion by Committee members of subjects of interest. This was now available with the establishment of a dedicated CCAQ(FB) Bulletin Board, to be maintained by the Secretary. It was agreed that, to take full advantage of this new facility for exchanging information and discussing subjects of interest, there should be a pilot phase during which work would be undertaken to identify thematic groups for which dedicated pages would be set up on the Bulletin Board. It was suggested that the most likely initial group would be one made up of accounting specialists, building on contacts made during meetings of the Working Party on Accounting Standards. This group would naturally wish to have a focus larger than that of accounting standards; it was thus important to identify a lead agency to act as facilitator of the work and to agree at the outset the group's mandate. Assignment of new user names and passwords would be handled by the Secretary in response to any request by members of the Committee to add members of their staff. Experience with the new Bulletin Board would be reviewed by the Committee at its Spring session in 2001.

23. Participants noted that for the June 2000 meeting of the High Level CCAQ organizations=representatives had been requested to bring updated material on reform initiatives. An example of documentation produced by UNHCR for that meeting had been provided to the Committee in Conference Room Paper 4. As there had been insufficient time at that meeting to review this and similar material from other organizations, participants were requested to provide any such material available in electronic form to the Secretary, to enable updating of the Productivity Improvement pages of the FB web site. Other documents such as those covering Results-Based Budgeting initiatives and other subjects of interest to members should also be provided to the Secretary, preferably in electronic form.

### **Follow up to JIU reports**

Documents: ACC/2000/FB/R.9 and Add.1

24. The Committee discussed the question of follow up to JIU reports and a number of organizations briefed participants on the decisions of their Governing Bodies on this subject.

### **Common Services**

Document: ACC/2000/FB/R.9/Add.1

25. The Committee considered General Assembly Resolution 54/255 calling for a report by the United Nations on measures taken to enhance common services in Geneva. The United Nations briefed the Committee on the progress made by the Common Services Task Force in New York and noted that the proposed establishment of a common services committee in Geneva could function along similar lines. The Executive Coordinator in New York would be available to provide support by sharing and facilitating exchange of information and experience. The Director of Administration of the United Nations Office at Geneva briefed participants on the status of common services in Geneva and the plan to establish a Management Ownership Committee to which the Director General of UNOG would invite Executive Heads of Geneva-based organizations. This Committee would meet once a year and would set overall policy direction and review reports. A subsidiary Committee, made up of Heads of Administration, is expected to meet about three times a year to monitor progress and give more detailed



direction to working groups of specialists which would be set up to study specific areas which may benefit from common services and to make appropriate recommendations. The report by the United Nations to the General Assembly was due for the session of the General Assembly starting in September 2001; the Committee would be briefed on progress at its next session.

### **Simplification of Entitlements**

Document: ACC/2000/FB/R.10

26. The Committee discussed follow-up to recent consideration by CCAQ(PER) of this subject. Pilot schemes were already being undertaken in a number of areas. The Committee welcomed CCAQ(PER)'s initiatives, stated that it was ready to contribute to this work, and encouraged CCAQ(PER) to establish a joint working group as soon as possible. It was agreed that it was up to CCAQ(PER) to take the lead in looking at simplification, bearing in mind staff interests and existing entitlements. It was the concern of CCAQ(FB) that any changes did not increase overall costs to organizations, and, in calculating such costs, both CCAQ(FB) and (PER) should take into account any savings or increases in costs of processing and auditing claims.

### **Travel Arrangements**

Document: ACC/2000/FB/91/CRP.2

27. The Committee exchanged information on travel matters, including issues of frequent flyer mileage credits, arrangements with travel agencies, commissions and discounts from airlines, and the use of corporate credit cards for travel advances. It was agreed that travel was an area of great interest to a number of organizations and that the new Bulletin Board would be an appropriate support mechanism for a group of travel specialists to keep each other informed of developments in this area.

### **Cost Recovery**

Document: ACC/2000/FB/R.8

28. The Committee was briefed by the Assistant Administrator of UNDP on the publication of Guidelines for Operational Support Services by UNDP. Participants exchanged views as to areas of concern to them and suggested possible ways of simplifying cost recovery methodology. While it was agreed that organizations would in the first instance deal with UNDP country offices directly on any contentious issues, UNDP invited organizations to bring any outstanding issues, including those that cannot be resolved bilaterally with UNDP country offices, to the attention of UNDP headquarters for resolution. UNDP would also seek to simplify the methodology through a standardized fee-based system and provide clear guidelines on its application. Any such changes would be posted on the CCAQ (FB) web site for information and comments. The experiences gained would be further discussed at the next session of the Committee.

### **Deposit and investment arrangements**

29. 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.

### **Principles and policies for investments**

Document: ACC/2000/FB/R.12

30. The Committee welcomed the Treasurer of the United Nations who introduced a paper provided by the Financial Services Working Group covering a draft common framework for investment policies among the United Nations, UNDP, UNICEF and WFP. Participants from other organizations discussed the relevance of this framework to their own organizations and considered whether it was appropriate to develop system-wide "best practices" in this area. The Committee thanked the Financial Services Working Group for the excellent work done in preparing the paper and decided that it would revert to this subject at the next session when the United Nations would present a final paper taking into account any comments received from other organizations.

### **Euro**

Document: ACC/2000/FB/R.13

31. The Committee discussed a Note prepared by WHO on issues raised by the move to the Euro. It was decided that CCAQ(FB) and (PER) should, as soon as possible, jointly approach ICSC to request that the ICSC secretariat start publishing an equivalent Euro amount for DSA rates in "Euroland" countries. The organizations responsible for the implementation and publication of GS salary scales in "Euroland" countries should jointly agree to practical arrangements to ensure that on the occasion of the next adjustment of such salary scales, and in any event by 30 September 2001 at latest, the relevant salary scales are expressed in Euros. The ICSC should be advised accordingly.

32. It was also decided to request CCAQ(PER) to review the issue of education grant and dependency allowance local currency rates in "Euroland" countries and to submit its considerations and recommendations to ICSC at its session in 2001. This will allow ICSC to consider the matter and to make appropriate recommendations to the 56<sup>th</sup> session of the General Assembly in time for the promulgation of revisions in these rates by 1 January 2002. The CCAQ secretariat should also ensure that the country rates for free lance interpreters, currently expressed in local currency for Paris, Rome and Vienna, are also expressed in Euro no later than 1 January 2001. It was agreed that until the above arrangements are in place organizations could use for their transactions Euro equivalents of "Euroland" currencies, converted at the official conversion rates.

## **General financial systems**

### **Extrabudgetary activities**

33. The Committee was briefed on the follow up to the signature in 1999 of a framework agreement (and side letter) between the United Nations and the European Commission. Several meetings had since been held with members of the Commission but with little progress, key "sticking points" including the verification clause and the timing of payments by the European Commission. Participants recalled that from the beginning this had been a joint inter-organization process and that particular attention was necessary to the verification clause. It recalled the "single audit" policy, which had been officially endorsed by the Board of Auditors, ACC, ACABQ and the General Assembly, and urged all organizations to ensure that this policy was followed strictly.

34. Members had at previous sessions noted that while the United Nations was negotiating with the European Commission on behalf only of the United Nations, Funds and Programmes, any agreement reached would undoubtedly have an influence on the working arrangements or agreements of other UN system organizations with the European Commission. It would be unrealistic to expect that the framework agreement and any subsidiary agreements or side-letters would not set a precedent for any future agreements between the European Commission and other UN system organizations. Accordingly, there was an understanding that the concerns of member organizations would be taken into consideration and that organizations would be kept fully informed of the status of negotiations, with prior consultation as appropriate. At the last session the ILO had been designated to represent the particular interests of the specialized agencies and was requested to attend any negotiating sessions as an observer. As the ILO expressed its inability to continue with this responsibility, it was agreed that WHO would take over the role. Interested organizations were requested to communicate to the WHO designated focal point any views or concerns so that these would be taken into account in future negotiations. It was understood that a further meeting with the European Commission was planned for some time in September 2000.

35. The Committee also exchanged information about how different organizations had met, or proposed to meet, World Bank "audit" requirements.

### **Internal controls**

36. 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**

Document: ACC/2000/FB/R.14

37. The Committee was briefed on changes or proposed changes to the financial regulations of UNDP, UNFPA, UNHCR, FAO, UNESCO, ICAO, WHO, ITU and UNIDO. These are listed in document ACC/2000/FB/R.14. Organizations planning changes were encouraged to inform the Secretary as soon as such changes were approved in order that a page on the CCAQ(FB) web site could include links to governing body documents covering these changes. The Committee also noted that there was no UN system agreed definitions of what constituted fraud or attempted fraud and decided to return to this subject at its next session.

### **CCAQ Glossary of Financial and Budgetary Terms**

Document: ACC/2000/FB/R.15

38. The Committee was briefed on the status of work on updating the Glossary. Such an update had not been undertaken since 1983. It agreed to the proposed changes and additions listed in Annex V and to revert to the question of results-based budgeting terminology at the next session, at which time participants would be briefed on further work that would be undertaken by CCPOQ and CCAQ(FB) secretariats.

### **Income Tax Reimbursement**

Document: ACC/2000/FB/91/CRP.3

39. Participants reviewed information on agreements that some organizations had reached with a Member State covering reimbursement of income tax payments that it assesses on any of their staff members. The Committee discussed the question of whether or not there was a UN system-wide equitable treatment of staff and agreed that there were some important differences between organizations. There was a long history of ACC and CCAQ(FB) consideration of this issue, but there had been no satisfactory resolution to these problems. It was decided to refer to CCAQ(PER) the question of non-equitable treatment of staff members due to income tax assessment by any Member State. CCAQ(PER) would also be requested to ensure that member organizations adequately inform prospective staff members of any tax or other financial aspects associated with their salaries or entitlements. The Committee also discussed the processing and administration of tax reimbursement including opportunities for reducing costs and the possibility of common service arrangements. Finally, the Committee discussed how tax reimbursement is handled by voluntary-funded organizations.

## **Other questions**

40. Following review of issues raised by organizations with aging HQ buildings, some of which had not been adequately maintained because of severe budgetary pressures, the Committee agreed to discuss the development of a capital budgeting policy at its next session. This policy should also provide for other major investments, such as for Information Technology. Preparatory work on a discussion document would be undertaken by a working group made of FAO, ITU, UPU, WFP and IFAD with WFP acting as lead agency.

## **Time and place of the next session**

41. The Committee accepted the kind invitation of IMO to host ninety-second session in London. The session would commence 26 February 2001, but the exact length of the session would depend on the agenda. To the extent possible, maximum use would be made of the new Bulletin Board for exchanges of information prior to the session, with a view to reducing the length of the meeting and so that participants' time could be better used for discussing issues requiring system-wide consensus and decisions. The Committee would still wish to adopt its draft report at the end of the session rather than clear the report by correspondence.

## **Work programme of the secretariat**

42. The Committee agreed that the work programme of its secretariat up to the next session would need to include the items below. Further items could be added as requested by organizations, after consultation with the Chairman.

- (a) production of the biennial ACC statistical report on budgetary and financial situation of UN system organizations for the period 1998-1999.
- (b) production of the reports on the status of collections of contributions as at 30 June and 31 December 2000;
- (c) preparation for the next Working Party of Accounting Standards, scheduled for mid 2001 including a review of International Accounting Standards (IAS) to identify those that should or should not be taken into consideration in developing the United Nations Accounting Standards;
- (d) acting as clearing house for exchange of information with regard to negotiation of agreements with the Commission of the European Union and other sources of extrabudgetary funding imposing special requirements
- (e) update of the CCAQ glossary, including work with CCPOQ secretariat on terms used in Results-Based Budgeting;
- (f) update of the document on indicative cost-sharing allocations for 2000-2001 under the JIU and CCAQ formulas;

- (g) further development of CCAQ Web site pages concerning productivity improvements and management reforms; and provision of additional links to relevant pages on Web sites of CCAQ member organizations;
- (h) implementation and monitoring of the new CCAQ(FB) Bulletin Board to facilitate inter-sessional discussion of issues of interest;
- (i) updating of CCAQ Handbook to end of 91st session;
- (j) continued liaison with CCAQ(PER) on simplification of entitlements;
- (k) consultation with organizations on arrangements for working group meetings of Treasurers and Travel specialists, possibly with separate meetings in Europe and North America.

### **Secretariat affairs**

43. The Committee agreed unanimously that the appointment of its current Chairperson and Vice Chairperson should be extended to the end of March 2001, to enable the current Chairperson to chair a fourth (the ninety-second) session of the Committee. This would be in line with prior practice that a Chairperson served for four sessions. The Committee also agreed unanimously to recommend to ACC the appointment of Mr. Gary Eidet (ITU) as Chairperson and Ms. Ellen Yaffe (UNICEF) as Vice Chairperson, for a two-year period commencing April 2001.

## ANNEX I

### Agenda adopted by the Committee on 28 August 2000

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1 Adoption of the agenda (Proposed programme of work)	ACC/2000/FB/R.11 ACC/2000/FB/91/CRP.1
2 Programme and Budget	
2.1 Budgetary Pressures and Current Financial Situation of organizations of the United Nations system	
2.2 Cost-sharing arrangements	
2.2.1 Cost of inter-organizational security measures	ACC/2000/FB/R.2
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4 Management reforms and Productivity improvement	
4.1 Computer systems and Information technology	
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4.1.2 Recent systems Implementation: Lessons learned	ACC/2000/FB/R.5
4.1.3 Outsourcing information systems operations	
4.1.4 CCAQ(FB) Web Site and Bulletin Board	ACC/2000/FB/R.7 ACC/2000/FB/91/CRP.4
4.1.5 Information Technology-based Productivity Improvements at WIPO	

<u>Item</u>	<u>Documents</u>
4.2 Follow-up to JIU reports	ACC/2000/FB/R.9 & Add.1
4.3 Simplification of Entitlements	ACC/2000/FB/R.10 & Add.1
4.4 Travel Arrangements	ACC/2000/FB/91/CRP.2
4.5 Cost Recovery	ACC/2000/FB/R.8
5 Cash management	
5.1 Deposit and investment arrangements	
5.2 Principles and policies for investments	ACC/2000/FB/R.12
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7.2 CCAQ Glossary	ACC/2000/FB/R.15
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8.2 Work programme of the secretariat	
8.3 Secretariat affairs	
9 Adoption of the report of the session	



## ANNEX II

### LIST OF PARTICIPANTS

**Chairman:** Mr. Abraham E. Espino  
**Vice-Chairman:** Mr. Gary Eidet  
**Secretary:** Mr. Peter Leslie

#### Representatives of Member Organizations:

United Nations	Mr. Bertrand J. De Fondaumière Director, Management Policy Office, Department of Management  Ms. Suzanne Bishopric Treasurer  Mr. Jayantilal Karia Director, Accounts Division  Mr. Maryan Baquerot Director, Division of Administration, UNOG
UNICEF	Ms. Ellen Yaffe Comptroller
UNDP	Mr. Jan Mattsson Assistant Administrator and Director Bureau of Management  Mr. Alan Potter Audit Adviser, Office of Legal and Procurement Support Bureau of Management
UNOPS	Mr. Martyn Evans Assistant Director, Finance, Control and Administration Division
UNFPA	Mr. Kok Cheng Tan Chief, Finance Branch
WFP	Ms. Jessie R. Degala-Mabutas Director, Finance and Information Systems Division
UNEP	Mr. Alexander Barabanov Chief, Division of Administrative Services

UNRWA	Mr. Subash K. Gupta Comptroller
UNHCR	Mr. Wolfgang Milzow Treasurer
ITC	Mr. Joseph Smadja Deputy Executive Director Office of the Executive Director
ILO	Mr. Anees Ahmad Executive Director Treasurer and Financial Comptroller
	Mr. Greg Johnson Director, Financial Services Department
FAO	Mr. Michael Ruddy Interim Director, Division of Finance
UNESCO	Mr. Mark Warren Comptroller
ICAO	Mr. John Maguire Chief, Finance Branch
WHO	Ms. Hilary Wild Director, Financial Services
	Ms. Linda Kintzios AMRO/PAHO Treasurer and Deputy Chief of Finance
World Bank	Michel Pommier Senior Advisor Private Sector and Infrastructure Network
UPU	Mr. Achim van der Weg Head of Finance
ITU	Mr. Gary Eidet Chief, Finance Department

WMO Ms. Kathleen Charles  
Director, Resource Management Department

Mr. Ah Kim Lee Choon  
Chief, Finance and Budget Division

IMO Mr. Dayasiri Muthumala  
Head, Finance and Budget Section

WIPO Mr. Joachim Müller  
Controller and Director  
Office of Internal Oversight and Productivity

Mr. Philippe Favatier  
Director, Division of Finance

IFAD Mr. My Huynh Cong  
Comptroller

UNIDO Mr. Sajjad Ajmal  
Director and Treasurer, Financial Services

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

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

Other representatives:

CCAQ(FB) Mr. Peter M. Leslie  
Secretary

Panel of External Mr. David Woodward  
Auditors Chairman, Technical Group of the Panel of External Auditors

ISCC Mr. Jerry L. Barton  
Secretary

### ANNEX III

#### **Revised text of UNAS 49 and New UNAS 58**

UNAS 49: At the end of the financial period the inventory value at the beginning and end of the financial period of non-expendable equipment, furniture and motor vehicles should be disclosed and the method of valuation (cost or valuation) should be clearly stated in a note to the financial statements. Where possible and to the extent required by the financial policies of the organization, additions and disposals made during the financial period should also be disclosed.

UNAS 58. Organizations participating in the United Nations Joint Staff Pension Fund ("UNJSPF") should disclose this in a Note, using the following text:

" \_\_\_\_\_ is a member organization participating in the United Nations Joint Staff Pension Fund which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date."

Depending on the position at the time of finalization of the financial statements, one or the other of the following texts should be added:

"At the time of this report the United Nations General Assembly has not invoked this provision.

OR

"Deficiency payments totaling \$ [insert amount] are required following invocation, on [insert date], of the provision of Article 26 by the General Assembly, of which total the organization's share is \$ [insert amount]. This amount [has/has not] been reflected in these financial statements."

## **ANNEX IV**

### **SUBJECTS MERITING FURTHER DISCUSSION by Working Party on Accounting Standards**

- 1) Review of applicability of International Accounting Standards (IAS)
- 2) Commitments with respect to future periods (UNAS 41)
- 3) Valuation of liabilities arising from termination benefits
- 4) Possible inclusion of parts of IAS 10 (contingencies and events occurring after balance sheet dates)
- 5) Review of the structure of UNAS, including introductory paragraphs

## ANNEX V

### **Proposed Changes/Additions to Glossary: Accounting Standards**

Existing term:

Accounts Receivable - Accounts showing amounts due from debtors.

**Proposed term:**

[based on UNAS 48 (iii)]

**Accounts receivable - include contributions receivable from member States, inter-fund balances receivable, and debit balances and advances under other accounts (excluding those shown under other assets).**

**Existing term:**

Accounting, Accrual Basis of - The method of recording transactions by which income is reflected in the accounts in the period in which it is due and expenditure and other costs (i.e. for the acquisition of assets) are reflected in the accounts in the period in which they are incurred, whether or not the transactions concerned have been settled by cash receipt or disbursement.

**Proposed term:**

[based on UNAS 4 (iii) ]

**Accrual - The accrual basis of accounting for revenue in each financial period means that income is recognized when it is due and not when it is received. Accrual of expenditure in each financial period means that costs are recognized when obligations arise or liabilities are incurred and not when payments are made.**

**New term:**

**Annex - Explanatory or supporting information accompanying financial statements but not subject to audit.**

**Existing definitions:**

Assets, Capital - Assets intended to be held for long-term use, e.g. land, buildings and major improvements thereto.

Assets, Current - Cash and/or other assets which in the normal course of operations will be converted into cash or expenditure within a 12-month period.

**New term:**

[based on UNAS 45 (i) ]

**Asset - a resource owned by or due to the organization**

**New term:**

[ Based on UNAS 48(i)]

**Cash and term deposits** - Cash and term deposits include cash on hand, current and call accounts and term deposits with banks

**New term:**

[based on UNAS 4 (ii)]

**Consistency** - It is assumed that accounting policies do not change from one financial period to another.

**New term:**

[based on UNAS 21]

**Contingent gains or losses** - - Contingent gains or losses are those significant items which have not occurred but where there is a substantial possibility of occurrence.

**Existing term:**

**Contributions, Voluntary** - Contributions accepted either in cash or in kind other than assessed contributions

**New terms:**

[based on UNAS 33]

**Voluntary contributions formally pledged-** a good-faith commitment of a contributor for the period and/or programme to which they relate

[based on UNAS 34]

**Voluntary contributions in kind** - in kind contributions which can be used in the normal course of an organization's activity and for which a fair value can be reasonably estimated.

**Existing term:**

**Financial Statements** - Formal presentations of financial information showing the status of appropriations and income and expenditure for a given period and assets and liabilities at the end of that period, and including the notes, which form an integral part thereof.

**Suggested revised definition:**

**Financial statements** - Formal presentations of financial information showing income and expenditure; assets, liabilities and reserves and fund balances; cash flow and appropriations for a given period together with related notes (UNESCO)

**New term:**

[based on UNAS 4 (i)]

**Going concern** - The organization is normally viewed as a going concern, that is, as continuing in operation for the foreseeable future. It is assumed that the organization has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operations

**New term:**

[based on UNAS 52]

**Liability** - A present obligation of the organization arising from past events, the settlement of which is expected to result in an outflow of resources from the organization ( UNICEF)

These include: [as listed in UNAS 52]

- (i) Contributions or payments received in advance;
- (ii) Borrowings payable within one year;
- (iii) Unliquidated obligations;
- (iv) Accounts payable including inter-fund balances payable and other accounts payable;
- (v) Other funds and special accounts;
- (vi) Other liabilities;
- (vii) Borrowings payable after one year.

**New term:**

[based on UNAS 43]

**Losses** - - Losses represent other items that meet the definition of expenses and may, or may not, arise in the course of the ordinary activities of the organization. Losses, which include for example losses or thefts of cash, stores or other assets, are not different in nature from other expenses.

**New term:**

[based on UNAS 30 (i)]

**Monetary items** - money held and assets and liabilities and reserves and fund balances to be received or paid in fixed or determinable amounts of money