



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

(Videoconference, 22 November 2010)

**TABLE OF CONTENTS**

	<u>Paragraphs</u>
<b>INTRODUCTION .....</b>	<b>1 – 2</b>
<b>I. External Review Report and Recommendations of the CEB System-wide... IPSAS Process and Project.....</b>	<b>3 – 19</b>
<b>II. Any Other Business: Organization of FB Network meetings .....</b>	<b>20 – 21</b>
<b>III. Any Other Business: Feasibility Study – Common Treasury Services .....</b>	<b>22 – 24</b>

**ANNEXES**

**Annex 1 – Agenda**

**Annex 2 – List of Participants**

## INTRODUCTION

1. The Finance and Budget Network held a special session via videoconference 22nd November 2010. The meeting was chaired by the Network's co-chairperson, Mr. Jay Karia, Deputy Controller, United Nations. The agenda as adopted is provided in Annex 1. The list of participants is in Annex 2.
2. All documents related to the session are available on the FB Network website at: <http://www.unsceb.org/ceb/mtg/fb/november-2010>

### **I. External Review Report and Recommendations of the CEB System-wide IPSAS Process and Project**

3. The Co-chair opened the meeting stating that the objective of the meeting is to reach an agreement on the recommendations to be made to the HLCM in its February 2011 meeting regarding proposed modalities, duration and resources required for the continuation of the inter-agency centralized CEB IPSAS support effort.
4. The final external review report of the CEB System-wide IPSAS Process and Project was circulated to the FB Network and the Task Force on 15 October 2010 seeking UN system organizations views and endorsement of the report and its recommendations. Consensus was achieved when 20 out of 22 organizations endorsed the report. Endorsement of the report recommendations was achieved through where organizations agreed to the main recommendation of extending the system-wide team until 2015. The institutionalization of the system-wide effort was to be revisited in 2013 at the HLCM level, together with revising in 2013 system-wide effort requirements and resources. UNDP and UNFPA however suggested that the team is extended only until 2013 and that the system-wide activities be limited with the exclusion of interpretation issues and thus suggesting the reduction of the recommended team structure by one professional.
5. All recommendations proposed in the final review report were a summary of the consultations made by the external reviewer. Observations of the reviewer were shared in the Task Force meeting held in Washington, D.C. at the end of August 2010. The project review had established that 17 of 21 organizations had indicated that the objective of the project - guidance to ensure consistent interpretation and application had been partially met; 17 of 21 organizations had indicated that guidance and support to effectively resolve common accounting and implementation issues had also been partially met. The reason for these objectives to be partially met was that the project team was operating at 50-60% of its intended capacity. It has been difficult to attract staff for the team as well as to retain them considering contractual constraints and the system-wide project timeline. Regrettably once staff underwent training over few months, in less than one year, they were on their way out of the team.

6. It was further noted that 17 out of 21 system organizations had the highest preference for the system-wide team during the period of 2011-2015 to focus on policy guidance issues among other priorities.
7. It is seen that the report makes recommendations to right-size the project team for pre-implementation, implementation and post-implementation activities. It recommends maintaining the centre of excellence to achieve objectives set out for the IPSAS project team.
8. The FB Network organizations made the following comments in respect of the project continuation:

Organization	Proposed project extension target year	Other comments
UNFPA	2013	<ul style="list-style-type: none"> <li>- Appreciates challenges facing IPSAS implementation;</li> <li>- Due to sever funding scrutiny cannot commit funds beyond 2013;</li> <li>- Reassess continuation of the project before the end of 2013</li> <li>- Some of the IPSAS work will have to be done internally within the organizations</li> <li>- Does not support decision making by majority, especially when it has the potential to derail individual organizations' implementation</li> </ul>
WFP	2015	Supports proposed team increase
FAO	2015	Strongly urged UNDP and UNFPA to join the consensus to face the complexity of the issues on hand
ILO	2015	If a compromise is needed, would support current size of the project team
WHO	2015	Interagency and CEB work is so important that justified the size and extension to the governing bodies
WIPO	2015	Strong request to conduct the review in 2013
ITU	2013	
ICAO	2015	
UNWTO	2015	
UNIDO	2015	
IAEA	2015	Support the report's recommendation on team strength as well as continuity till 2015. However, in the interest of a consensus, suggested a compromise of the current staffing until 2013, with a presumption of continuity until 2015 but subject to a reassessment before the end of 2013
UNESCO	2015	Strong need for having rules of procedure for the Task Force
UNDP	2013	See comments below

Organization	Proposed project extension target year	Other comments
UN	2015	The UN fully supports extension to 2015 and noted that it is fair for earlier implementers to continue contributing further than their own implementation date, as late implementers' have made contributions along the way and since inception supported earlier implementers' efforts
PAHO <sup>1</sup>	2013	
UNICEF (by e-mail)	2015	Support extension to 2015
UNHCR (by e-mail)	2015	Support extension to 2015
UNOPS (by e-mail)	2013	

9. UNDP commented that work of the Task Force is highly appreciated and it has allowed reaching the current implementation stage. The Task Force functions are supported, but beyond 2013 it should only have a coordinating role. A significant stage of the IPSAS implementation has now been reached even if the work will still have to continue. After 2013 many functions could be taken on from within the organizations. Alternative ways of moving forward may need to be explored, such as reaching out within networks of expertise.
10. UNDP reasoned that certain activities of the Task Force should not be continued. The project should focus on those objectives that are absolutely mandatory. Certain stability should be reached before moving further. For instance, accrual budgeting should not be considered as a priority.
11. Further, the resource situation at UNDP has considerably changed over the last year and it will already take an effort to provide funding till the end of 2013 at expense of other activities that will have to be deferred.
12. The Co-chair reiterated challenges of maintaining the project team and having only a 50% administrative support GS staff. Informal consultations had also been done with the CEB Secretariat who at present does not have sufficient capacity to take over this role.
13. IAEA argued against minimizing importance of accrual budgeting. While the issue is not urgent, it is highly important. Moving forward with financial systems where its two parts – budget and accounting are not synchronized and are based on different

---

<sup>1</sup> PAHO is not a member of the Task Force on its own, but participates as a subsidiary organization of WHO

standards (UNPAS and IPSAS) will add a significant complexity. The first test will be determining the net result after closure of a financial period, however full implications of having the two systems are not yet known. IAEA also observed that two of its main comments on the report had not been reflected or apparently considered and that this pointed to two shortcomings in the current process – the process for endorsing the report, and the need for a truly ‘external’ review.

14. The IPSAS project lead reminded that there are a number of issues that will need attention in the post-implementation period, such as donor reporting that was recently addressed by the FB Network working group led by WHO and would require further efforts, in line with accrual budgeting. There will be other issues, such as the donated rights to use, arising from the accounting policy diversity whose extent and magnitude are not yet known. An additional professional expert staff member in the team would be able to address these during and post implementation emerging issues.
15. In response to UNFPA inquiry regarding the consultants costs included in the annual resources, the Co-chair informed that these are required for contingencies, when expertise is not available in the system and for other relevant activities such as reviews of the system wide process and similar activities.
16. The UN suggested to the FB membership that, considering the importance of attracting and retaining talent on the project team to meet the expectations of the membership, the IAEA suggestion should be endorsed, for a presumption of continuity of the project team until 2015 with a review scheduled before the end of 2013. The Co-chair confirmed that the review will need to take place during 2012 in preparation for the 2014-2015 budget exercise while also looking at the issue of institutionalization.
17. The Co-chair regretted that due to shortage of time it was not possible to discuss other recommendations of the report and summarized the new consensus view in respect of the recommendation 1 of the report:
  - a. Extend the current level of project team until the end of 2013, based on the resources proposed in the report by dropping one P-3 which will ensure current staffing level at 1 P-5 and 2 P-4s, but increase the existing one GS support staff post from 50% to 100%. He noted that the staff may be hired at a lower level based on their qualifications and experience.
  - b. Presume that the project team will continue beyond 2013 to at least 2015 but conduct, before the end of 2013 a review of the system-wide IPSAS related activities, reassessing the way forward beyond 2013.

➤ **Conclusions and Action Points**

The FB Network:

18. Decided to recommend the HLCM to extend the project team until the end of 2013 with the presumption of continuation until 2015, based on the resources proposed in

the report by dropping one P-3 which will ensure current staffing level at 1 P-5 and 2 P-4s, but increase the existing one GS support staff post from 50% to 100%.

19. Decided to recommend the HLCM to request a review of the system-wide IPSAS related activities before the end of 2013, reassessing the way forward beyond 2013, including the issue of institutionalization.

## **II. Any Other Business: Organization of FB Network meetings**

20. The meeting was informed about the projected meeting dates for the FB Network during 2011:
  - a. Videoconference meeting is planned for 7 February 2011;
  - b. The face-to-face FB Network and Task Force meetings are planned for the week of 19 – 23 September 2011 hosted by ITC-ILO in Turin, Italy.

### **➤ Conclusions and Action Points**

The FB Network:

21. Took note of the proposed meeting dates. The FB Network members will communicate their availability to attend the meetings.

## **III. Any Other Business: Feasibility Study – Common Treasury Services**

22. The meeting was informed about the Feasibility Study on Common Treasury Services, which has started 15 November 2011. The Study is conducted by KPMG, a consulting firm selected by the Working Group on Common Treasury Services under leadership of co-chairs: Munehiko Joya, IFAD and Nick Jeffreys, WHO.
23. The study has started with informative video conference meeting the Legal Focus Groups consisting of legal representatives of all involved organizations. Further meetings requiring their presence will be required. Therefore, organizations are urged to communicate to their Legal Departments explaining the objectives of the study, their role and assuring their full cooperation.

### **➤ Conclusions and Action Points**

The FB Network:

24. Took note of the latest developments in conducting the Feasibility Study on Common Treasury Services. Encouraged the network members to assure full cooperation of their staff, including representatives of Legal Department, in support of the Study.

## **Annex 1**

### **AGENDA**

Videoconference, Monday, 22 November 2010  
9:00-10:30 New York time; 15:00-16:30 CET

- I. External Review Report and Recommendations of the CEB System-wide IPSAS Process and Project** (for decision)
- II. Any other business: Organization of FB Network meetings**  
(for information)
- III. Any other business: Feasibility Study – Common Treasury Services**  
(for information)

## Annex 2

### LIST OF PARTICIPANTS

<p><b><u>New York:</u></b> Mr. Jayantilal Karia, UN Mr. Chandramouli Ramanathan, UN Ms. Valencia Williams-Baker, UN Ms. Shalom Te Amo, UN Mr. Darshak Shah, UNDP Ms. Odette Anthoo, UNDP Mr. Subhash K. Gupta, UNFPA (via audio) Mr. James Notaro, UNFPA Mr. Daniele Alesani, UNFPA Mr. Daniel Bato, IPSAS Project Team, CEB Mr. Umer Hayat, IPSAS Project Team, CEB Mr. Matteo Tonarelli, IPSAS Proj. Team, CEB</p> <p><b><u>Montreal:</u></b> Mr. Rahul Bhalla, ICAO Mr. André Parson's, ICAO</p> <p><b><u>Washington, DC:</u></b> Ms. Teresa Molina, PAHO</p> <p><b><u>Copenhagen:</u></b> Ms. Kerstin Speer-Bockelmann, UNOPS (via audio)</p> <p><b><u>Paris:</u></b> Mr. John Haigh, UNESCO (via audio)</p>	<p><b><u>Geneva:</u></b> Mr. Jose Vacca, ILO Mr. Alassane Ba, ITU Ms. Karen Madeleine Farkas, UNHCR Ms. Linda Ryan, UNHCR Mr. Hans Baritt, WHO Ms. Magdi Bona, WIPO Mr. KC Tan, ITC Ms. Linda Lee Choon, ITC Mr. Armands Cakss, CEB Secretariat</p> <p><b><u>Vienna:</u></b> Mr. Gary Eidet, IAEA Ms. Helen Brunner De Castris, IAEA Mr. George Perera, UNIDO</p> <p><b><u>Rome:</u></b> Mr. Pedro Guazo, WFP (via audio) Mr. Nicholas Nelson, FAO</p> <p><b><u>Madrid:</u></b> Ms. Mónica González, UNWTO</p>
--	--