

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

(Videoconference, 23 May 2011)

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INTRODUCTION

1. The Finance and Budget Network held a special session via videoconference 23rd May 2011. The meeting was co-chaired by the Network's spokespersons, Mr. Nick Jeffreys, Comptroller, WHO, and Mr. Darshak Shah, Deputy Assistant Administrator, Deputy Director and Chief Finance Officer, United Nations Development Programme. The agenda as adopted is provided in Annex 1. The list of participants is in Annex 2.
2. Documents related to the session are available on the FB Network website at: <http://www.unsceb.org/ceb/mtg/fb/may-2011>

I. Review and approval of the proposed plan of work for the FB Network

(Updated excerpt from the HLCM programme of work)

3. Referring to the HLCM 2011 programme of work, the FB Network reviewed tasks set out to be addressed by the Network over 2011. The effort should be made to channel items important to the member organizations to the September 2011 face-to-face FB Network meeting in Turin for review and decisions.

a) Feasibility Study Project for Common Treasury Services

[Nick Jeffreys, WHO]

4. The FB Network was informed about the progress of the Feasibility Study Project for Common Treasury Services. The formal feasibility study should be completed by KPMG in early July which is due date for their final report. Report will feature five solution areas, some of which will be technically complex. In its next phase, the report should be circulated before the September 2011 FB Network meeting in order to formulate which recommendations will be brought forward for implementation.

b) UN System-wide Financial Statistics Database and Reporting System project

[CEB Secretariat]

5. The FB Network was briefed that the proposal on data model has been finalized and will be circulated shortly. In the next step, the project will address design specifications and selection of a technical solution for data collection and dissemination. The Co-chairs agreed to directly consult with the Project Coordinator (who was not present in the meeting) for more details.

c) UN system-wide implementation of IPSAS

[Chandramouli Ramanathan, United Nations]

6. The Chair of the Task Force on Accounting Standards congratulated organizations which had just received positive external audit opinions on their first IPSAS

compliant financial statements. UNESCO, WIPO and ITU were still waiting for external audit opinions on their IPSAS compliant financial statements.

7. The Task Force on Accounting Standards face-to-face meeting will take place from 19 to 21 September hosted by ITC-ILO in Turin before the FB Network meeting. The agenda for the Task Force meeting has already been finalized and circulated. Main highlights of the agenda are sharing the feedback from organizations on IPSAS implementation; update on technical issues; and working focus group sessions targeting areas of budgeting, audit and oversight, accounts closure process and post-implementation challenges.
8. The coordination of accounting diversity post-IPSAS implementation was highlighted as a key interest area. In the period before the September meeting, the IPSAS project team will review the IPSAS compliant financial statements to identify divergence areas, which will be brought to the attention of the Task Force.

d) Budgeting and IPSAS

9. Budgeting and IPSAS was included in the agenda of the September 2011 FB Network meeting even if the similar item would be covered during the Task Force meeting. A call was made to ensure that there will be no duplications on this subject.
10. Referring to a variety of IPSAS impacts on budgeting in organizations, a possibility of reviving accrual budgeting discussion was brought up. A few organisations argued that considering efforts invested in IPSAS implementation, the subject is currently not on the agenda of their organisations, further IPSAS do not directly impact budgeting. However, a subset of accrual budgeting – capital budgeting and long-term liability financing remained areas of general interest. The meeting was reminded that the Working Group on Capital Budgeting had already attempted to address uniformity of capital budgeting practices in 2009, when as the result of WG's work in February 2009 a preliminary conceptual framework was endorsed by the FB Network. The FB Network agreed that the conclusions reached by the Working Group on Capital Budgeting in 2009 should feed future discussions on this subject.

➤ Conclusions and Action Points

The FB Network:

11. Requested the CEB Secretariat to recirculate the conclusions of the Working Group on Capital budgeting prior to the FB Network September 2011 meeting.

e) Working Group on Safety and Security Costs

[Sean O'Brien, WFP]

12. The lead of the WG listed results accomplished by the WG over the last year. The key achievement was streamlining the DSS JFA budget proposal review process

resulting in added transparency. As a result the DSS JFA budget proposal was endorsed by HLCM following the FB Network review.

13. The next focus of the WG will be to address the cost sharing arrangements applying concepts outlined in WG's first discussion paper. A related key issue under focus of the WG will be a policy to allow the safety and security costs to be charged to programmes. The WG will present the cost sharing formula to the FB network at its September meeting. Meetings of the WG to discuss these issues will be convened shortly.

f) Working Group on Financial Reporting

[CEB Secretariat]

14. The WG was inactive after finalizing and proposing the interagency expenditure codes. The proposal was endorsed by the FB Network in its September 2010 meeting for the uniformed expenditure codes to become effective from January 2012.

II. Draft agenda FB Network face-to-face meeting, Turin, 21-22 September

(CEB/2011/HLCM/FB/10, Annotated draft agenda – FB Network meeting 21-22 September)

15. Issues relevant to the agenda of the forthcoming FB Network face-to-face meeting were discussed under agenda item 1 of this meeting. Corresponding changes and recommendations will be reflected in the September 2011 FB meeting final agenda. The meeting participants were encouraged to make further proposals and modifications in the meeting agenda.
16. It was noted that the Performance Reporting included as an agenda item for the September meeting was not part of the original plan of work for 2011. The subject was recommended for discussion at the September 2011 meeting following two recent initiatives in this field:
 - a. UNDG-HLCM commissioned study on Results Reporting to assess how corporate results reporting principles across the UNDG/HLCM could be both improved and standardized.
 - b. The conference on Performance Management focusing on Key Performance Indicators for administrative functions. This conference which predominantly gathered public entities from the EC and the UN system addressed opportunities to harmonization of performance reporting in those areas, which are functionally similar from organization to organization.
17. Due to potential overlaps of the Performance Reporting with other ongoing initiatives, namely - WG on Financial Reporting; and UN System-wide Financial Statistics Database and Reporting System, a careful assessment of the terms of reference and the scope before undertaking any activities under this activity will be required. The IPSAS project team informed the meeting that the IPSAS Board has published a consultation paper on the Service Performance Information – a

framework for performance reporting for entities reporting under IPSAS. Once the consultation phase will be completed the IPSAS Board will issue a new independent Service Performance Information framework which will prescribe general principles of performance reporting including definitions of main used terms. Considering that the framework is developed based on existing standards in the public and private sectors, UN organizations and OECD; the IPSAS Board will have consolidated the best practices for this activity saving resources and effort of doing the study within the UN system. A detailed discussion on the Performance Reporting will be held before any further activities are undertaken on this subject.

18. To assure effective proceeding of the September meeting and achievement of relevant results, the Co-chair proposed convening another videoconference (VC) session before September 2011. The focus of this VC will be on fine-tuning the September meeting agenda, clearly identifying decision areas and arranging for other necessary preparations.

➤ **Conclusions and Action Points**

The FB Network:

19. Requested the CEB Secretariat to consolidate and make available before the September 2011 FB Network meeting all currently available material on the Performance Reporting initiatives.

III. Any Other Business

a) Harmonized Financial Regulations and Rules

[Darshak Shah, UNDP]

20. The Working Group on Harmonized Financial Regulations and Rules (HFRR) has concluded its work on HFRRs. The draft HFRRs (<http://www.unsceb.org/ceb/ref/fb/319/fna/>) are now available to the UN system organizations for reference. However, the document has not yet been fully vetted by the Office of Legal Affairs. The project will not continue beyond this output since any further activity would require significant additional investment of time and resources without returning sufficient benefits.

Annex 1

AGENDA

Videoconference, Monday, 23 May 2011
10:00-11:00 New York time; 16:00-17:00 CET

- I. Review and approval of the proposed plan of work for the FB Network**
(for information and discussion)
 - a) Feasibility Study Project for Common Treasury Services**
 - b) UN System-wide Financial Statistics Database and Reporting System project**
 - c) UN system-wide implementation of IPSAS**
 - d) Budgeting and IPSAS**
 - e) Working Group on Safety and Security Costs**
 - f) Working Group on Financial Reporting**
- II. Draft agenda FB Network face-to-face meeting, Turin, 21-22 September**
(for information and discussion)
- III. AOB**

Annex 2

LIST OF PARTICIPANTS

<p><u>New York:</u> Mr. Darshak Shah, UNDP Ms. Odette Anthoo, UNDP Mr. Nuno Queiros, UNDP Mr. Chandramouli Ramanathan, UN Mr. Carlos Perone, UN Mr. Christian Saunders, UNDSS Mr. Omar Abdi, UNICEF Ms. Mirella Folkson, UNICEF Mr. Barry Wentworth, UNICEF Mr. Andrew Saberton, UNFPA Ms. Iva Goricnik, UNFPA Mr. Daniel Bato, CEB IPSAS project team Ms. Neeta Hatley, CEB IPSAS project team</p> <p><u>Vienna:</u> Ms. Bettina Tucci Bartsiotas, IAEA Ms. Helen Brunner De Castris, IAEA Mr. Peter Ulbrich, UNIDO Mr. Peter Krist, UNIDO Mr. Grahame Soper, CTBTO Ms. Mikyung Lachs, CTBTO Mr. Nirmal Sandhu, CTBTO</p> <p><u>Paris:</u> Ms. Helen Assefa, UNESCO Ms. Filsette Girma-Legesse, UNESCO</p>	<p><u>Geneva:</u> Mr. Nick Jeffreys, WHO Ms. Karen Farkas, UNHCR Ms. Linda Ryan, UNHCR Mr. Vitaly Rousak, UNCTAD Ms. Nada Mijovic, ITU Mr. Hany A. Abouyoussef, UNAIDS Ms. Janice Cook Robbins, WIPO Ms. Linda Lee Choon, ITC Mr. Armands Cakss, CEB Secretariat</p> <p><u>Rome:</u> Mr. Pedro Guazo, WFP Mr. Sean O'Brien, WFP Mr. Robert van der Zee, WFP Mr. Tony Fletcher, FAO Ms. Julie Mitchell, FAO</p> <p><u>London:</u> Miss Patricia Richards, IMO Mr. Andrew Richardson, IMO Mr. Maw Tun, IMO</p> <p><u>Washington, D.C.:</u> Ms. Linda Kintzios, PAHO Mr. Esteban Alzamora, PAHO</p> <p><u>Madrid:</u> Ms. Mónica González, UNWTO</p>
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