



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

(ITC-ILO, Turin, 21 - 22 September 2011)

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ANNEXES

Annex 1 – Agenda

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INTRODUCTION

1. The Finance and Budget Network held its seventeenth session on 21-22 September 2011 at ITC-ILO in Turin. 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, UNDP. 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/september-2011>.

I. Welcoming remarks

[Ms. Patricia O'Donovan, International Training Centre of the ILO]

3. Ms. Patricia O'Donovan, Director of the International Training Centre of the ILO (ITC-ILO) welcomed the Finance and Budget (FB) Network members and participants from other UN system organisations. Introduction was made to facilities and objectives of work of the ITC-ILO. Importance of the FB Network was highlighted in providing finance and budget expertise to the management of organisations and for IPSAS implementation. Unique opportunity of the HLCM Networks to share best practices and experiences is welcome and should be continued.

II. Joint Session of the Task Force on Accounting Standards and Finance and Budget Network

[Mr. Chandramouli Ramanathan, Chairman of the Task Force on Accounting Standards]

(Documents: Written update from the Task Force meeting; CEB/2011/HLCM/22 HLCM; CEB/2011/HLCM/TF2; IPSAS Board Draft Consultation Paper - Service Performance)

4. The latest Task Force meeting took place from 19 to 21 September 2011 in ITC-ILO, Turin, before the FB Network meeting. Following are the main highlights of the Task Force meeting:
 - a) The Task Force member organizations provided feedback on their IPSAS implementation experiences and challenges. The nine IPSAS implementers (ICAO, IMO, ITU, PAHO, UNESCO, UNIDO, WFP, WIPO and WMO) as of 31 December 2010 were all issued unqualified audit opinions on their IPSAS-compliant financial statements. Fourteen organizations targeting 2011 to 2014 shared that their IPSAS implementations were progressing as planned. Due to a larger pool of implementers and more organizations approaching their implementation target dates, the organizations had a wealth of experiences to share – fulfilling one of the main objectives of the Task Force.
 - b) As recommended by the external review of the UN system-wide co-ordination project for the implementation of IPSAS, the Task Force Rules of Procedure were developed and presented for comments to members over the past year. The Task Force agreed on the Rules of Procedure in its meeting, subject to three additional modifications. These modified Rules of Procedure were presented to the FB Network for endorsement.

- c) Three technical issue papers were presented for endorsement as useful guidance: accounting treatment of common services, UNJSPF accounting treatment and disclosure, and transactions between UN system organizations. The first two papers were endorsed by the Task Force while the last paper was postponed until more UN system organizations become IPSAS-compliant considering that the standards did not mandate disclosure of transactions between UN system organizations.
- d) The system-wide team carried out a comparison of the IPSAS-compliant financial statements of eight of the nine organizations that had successfully implemented IPSAS and presented a report for consideration of the Task Force. The report was found to be very useful. The Task Force expressed a strong interest in continuing the 'Comparison Project'. Phase 1 of this review was focused on comparison of items, which were (a) presented in all financial statements and (b) comparable without seeking additional clarifications from preparers of financial statements. A second phase of this report will include a broader sweep of the financial statements to compare accounting policies and other note disclosures not selected for Phase 1.
- e) The Task Force was presented with an overview of IPSAS Board 2011 activities, including summaries of minutes, together with an update of risks and opportunities associated with the IPSAS Board outputs, prepared by the system-wide project team. Being IPSAS compliant will require organizations to move along with changing provisions of IPSAS in the future. Therefore, careful monitoring of work of the IPSAS Board will remain one of the priorities of the IPSAS system-wide project team.
- f) Four working focus groups (WFGs) were established to address specific topics of interest: budget reporting and reconciliation under IPSAS, IPSAS post-implementation challenges, audit and oversight process, and managing the closure process. The WFG on budget reporting and reconciliation determined that there was not much support at this point in time for accrual budgeting in the UN system (refer also to agenda item VII below). One of the risks reported by the audit and oversight WFG was the issue of successor auditor. While the WFG on managing the closure process focused on implementation challenges and best practices to adopt during implementation, the IPSAS post-implementation challenges focused on the ongoing and post-implementation activities.
- g) The external auditors made a presentation to the Task Force acknowledging the positive relationship between the Task Force and the Technical Group of the Panel of External Auditors (TG). The TG also acknowledged that different business models may result in a difference in accounting treatment within the UN system. The next TG meeting is scheduled for November 2011, and a delegation of the Task Force has been invited to join the meeting. One of the topics of interest that the Task Force will request the TG to address is the issue of successor auditor and the reliance of new auditors on work done by their predecessors.
- h) The role of Task Force beyond 2013 will need to be established shortly. Currently the project is approved until the end of 2013 with presumption of continuation until 2015 subject to an external review being undertaken. Considering the recent external review conducted and the benefits derived by UN system organizations from the system-wide co-ordination and exchange of experiences on IPSAS through the Task Force, the Steering Committee will consider if a decision to extend the project can be reached without an external review.

5. A comment was made on the future role of the Task Force and a shifting focus towards post-implementation activities and the realization of IPSAS dividends. As IPSAS impacts several areas of an organization, and provides benefits beyond finance, the ways of drawing upon these benefits should be addressed at different levels. During the next meetings, the FB Network should consider discussing how to address the issue of IPSAS dividends in various forums.

➤ **Conclusions and Action Points**

6. The FB Network:
 - a) Took note of the IPSAS Task Force activities and IPSAS implementation status.
 - b) Endorsed the Rules of Procedure of the Task Force, subject to changes made in the Task Force meeting. The Rules of Procedure will be subsequently presented to the HLCM for approval at its September 2011 meeting.

III. Progress update from the Working Group on Common Treasury Services

[Lee Edwards, KPMG; Munehiko Joya and Nick Jeffreys, Co-chairs of the Working Group]

*(Presentations: KPMG Presentation to the FB Network; CEB/2011/HLCM/FB/12;
Document: Feasibility Study Report)*

7. In 2009 the Finance and Budget Network established the Working Group on Common Treasury Services (WG) tasked with setting up a web-based knowledge sharing tool and conducting a feasibility study for a harmonized approach to treasury services within the UN system. The knowledge sharing tool – the Treasury Community of Practice (TCOP) website was fully launched and functional by January 2010. Whereas the feasibility study of the Common Treasury Services was conducted by KPMG from November 2010 with participation of 19 UN system organisations. The study report was drafted and circulated for comments by May 2011 and was issued in July 2011.
8. The latest activity since completion of the Feasibility Study included the WG outlining the approach for implementation of recommendations of the Feasibility Study; and participating organizations of the WG assessing and confirming their commitment to implementation of specific recommendations and signing up for lead roles to direct the work of individual initiative groups.
9. The Study analysed and addressed with its recommendations four distinctive areas of common treasury services: banking services, foreign currency management, payments and investments. In addition, risk management was identified as an overarching area having significant impact on overall treasury operations. Possible highlighted implementation activities ranged from increased sharing and adoption of best existing practices, active collaboration (lists of service providers; active information exchange etc.), and joint activities such as common RFPs and treasury centralisation opportunities in the areas of payments, investments and risk management.
10. Collaboration opportunities for provision of banking services include establishment of a data base of banking information and contractual agreements and a possibility of UN wide RFPs for provision of banking services. These activities would aim to consolidate the existing more than 400 banks with some 3,500 accounts across 19 participating organizations.

11. The report identifies significant savings opportunities in implementing best practices in exotic foreign currency management, primarily in transactions with field offices. Potential implementation requirements would entail adoption of an electronic trading platform ensuring real time quotes and active sharing of foreign currency related information. Some participating organisations have already adopted these best practices. The activity is considered as a relatively “easy win”.
12. The study recommends that in the payment area a key objective of the organizations’ ERP projects should be to streamline their in-house payments processes. Collaboration is possible in the areas of payment cards, common SWIFT infrastructure and wider use of UNDP’s payment services. The payment area is challenging to harmonise in the short term, since this requires changes in the IT systems of the provider and recipient agencies as well as interfaces with banks.
13. The study identified an opportunity to improve investment returns, and a need to improve risk management. The implementation approach could include extension of investment maturities and lowering credit rating requirements, however this would simultaneously increase investment risk. A possible way forward involves convening a Joint Investment Advisory Committee to establish common principles, common measurement and reporting, and to compare and challenge risk and performance.
14. In order to launch implementation projects, the WG will have to start by taking certain organizational steps including establishment of an Implementation Committee, and forming groups of committed organisations willing to actively participate in each project.
15. Several of the proposed recommendations have relatively easy “quick-win” solutions, while some other recommendations will prove more challenging and would therefore have to be explored in the medium/long term.
 - a) Implementation initiatives on Banking Services and Foreign Currency Management were unanimously supported as those with the highest feasibility and whose potential could be reaped in the short-term.
 - b) In the area of Payments, membership in the SWIFT infrastructure was presented as potential high-impact in the KPMG report but, considering complexities involved, payments via SWIFT would need to be part of the category of follow-up projects requiring additional analysis confirming their feasibility.
 - c) Similarly, initiatives in the area of Investments would be subject to further review to assess implementation feasibility. While such review would continue, it was emphasized that some smaller agencies with limited investment management resources were not actively managing risks, and as a result may be earning lower investment returns. Organizations managing larger investment pools tended to be able to achieve greater investment diversification, and therefore achieve higher returns. Smaller agencies were therefore invited to consider joining larger investment pools to be provided with access to a more diversified investment portfolio, risk reduction and a better rate of return.
16. The Network also agreed that the Treasury Community of Practice Platform would be extended and expanded to deliver foreign exchange quotes and serve as banking depository of information and on-going channel of inter-agency collaboration and communication for UN treasury professionals.
17. It was agreed that follow-up implementation to the KPMG study would proceed in a step by step and sequenced approach, with regular progress checkpoints, and allowing time for further investigation

of the feasibility of longer term recommendations. Detailed business plans will be developed to clarify project objectives and milestones, determine the level of required investment and establish implementation process.

18. Following HLCM's approval of the recommendations put forward by the FB Network, the WG will schedule a face-to-face meeting for the express purpose of agreeing on: the priorities for implementation, the working group membership for each area together with a designated lead agency, required resources, clear targets and timeframes.
19. The WG reiterated that in order to launch separate projects commitment from all agencies will not be needed, but rather full commitment from a critical mass of organizations willing to join. Investment commitment necessary from joining organizations could not be specified at this time as only more detailed analysis for each implementation area would produce project objectives, timelines and required investments. The Harmonization for Business Practices (HBP) project was funding the feasibility study and some of the HBP funds could also be available for the start-up costs of the new implementation projects. However, future recurring maintenance costs will have to be shared on an on-going basis and the mechanism for the cost sharing will also need to be developed as part of the next steps in the project.

➤ **Conclusions and Action Points**

20. The FB Network recommended the following proposals for the HLCM approval:
 - a) HLCM approves continuation of the Common Treasury Services project into its next – implementation phase.
 - b) HLCM endorses FB Network decision to extend the work of the existing Steering Committee into the Treasury Harmonization Coordination Committee with its objective to oversee overall implementation of the project.
 - c) HLCM endorses prioritization of the initiatives for implementation as recommended by the FB Network, ensuring that clear implementation targets, resources (including funding sources), timelines and implementation processes are established for each advancing initiative.

IV. Cost sharing arrangements for Jointly Funded Activities

[Armands Cakss, CEB Secretariat]

(Documents: CEB/2011/HLCM/FB/13; CEB/2011/HLCM/FB/14)

21. The CEB Secretariat briefed on document CEB/2011/HLCM/FB/13 containing indicative cost sharing for the jointly funded activities (JFA) budgets of 2012-2013, which have already been reviewed and approved by the FB Network in its February 2011 meeting. JFA activities covered are ICSC, JIU, CEB Secretariat, IPSAS project, UN Security Management System, and HR Network's voluntary budgets - UN Cares, and Dual Career and Staff Mobility. The cost sharing is indicative because with the exception of two voluntary budgets, JFA budgets should still be formally approved by the General Assembly and will undergo recosting by the UN Programme Planning and Budget Division before the start of the biennium 2012-2013. The document will be adjusted as soon as budget figures are finalized.

22. Indicative cost sharing for UN Security Management System (SMS) is based on the existing cost sharing mechanism before the WG Safety and Security Costs concludes its review and develops new cost sharing mechanism (please refer to agenda item V).
23. Members of the FB Network agreed with cost shares as indicated in the document CEB/2011/HLCM/FB/13, but noted that to facilitate review of the document, the cost sharing calculations should also include comparisons with previous biennium budgets. JFA budgets for 2012-2013 were approved by the FB Network February 2011 meeting at the zero growth level. In light of this decision, the Network requested that the UN Secretariat clarify differences between 2010-2011 and 2012-2013 JFA budgets.
24. Inclusion of voluntary funded HR projects cost shared budgets in the main cost sharing document was not welcomed. A number of organisations including WIPO, UNIDO, ICAO, WMO and UN could not, contrary to the indications in the document, confirm their participation and commitments to the 2012-2013 UN Cares Programme, which is voluntarily funded. ILO confirmed their participation capped at US\$ 100,000. Organizations were urged to confirm their commitments to the programme directly with the UN Cares Global Coordinator in UNFPA.
25. The HR Network had earlier approved the budget and related cost apportionment for the salary survey activities at non-headquarters duty stations for the biennium 2012-2013 (CEB/2011/HLCM/FB/14). Considering it is a jointly financed activity, they requested FB Network's review and approval. Some organizations had expressed concerns during the HR Network meeting, but they agreed to support the document, with concerns registered, and with a commitment to revisit the cost sharing later this year, for the next biennium. It was clarified at the FB Network meeting that the cost apportionment for the salary survey activities is a function of staff number at each organization, with a minimum cost share size fixed at 1%. The FB Network supported the document with reservations on due process as mentioned below.
26. The overall conclusion was reached that improvements are needed to ensure better communication between human resources and finance and budget colleagues whenever HR Network projects budgets are reviewed. The future process should include simultaneous circulation for review and approval of draft budgets and projected cost apportionment to both – the HR and FB Networks.

➤ **Conclusions and Action Points**

27. The FB Network
 - a) Approved the cost sharing ratios for the already approved 2012-2013 budgets of the jointly funded activities (ICSC, JIU, CEB Secretariat, IPSAS project, and UN Security Management System) as submitted in document CEB/2011/HLCM/FB/13 and noted point (b) below.
 - b) Requested the UN Secretariat to submit a paper comparing the jointly funded activities budgets 2010-2011 with their approved budgets for 2012-2013, justifying increases or recostings, if any.
 - c) Requested to resubmit jointly funded budgets and cost sharing for the voluntary funded 2012-2013 budgets for the HR Network of UN Cares and the Dual Career and Staff Mobility projects, considering contributions from only those organizations, which committed participation, and adjusting budgets and cost sharing accordingly.

- d) Approved Salary Survey Activities for Non-Headquarters Locations 2012-2013 proposed programme budget with cost apportionment as submitted in document CEB/2011/HLCM/FB/14.

V. Update from the Working Group on Safety and Security Costs

[Sean O'Brien, Chair of the Working Group]

(Document: CEB/2011/HLCM/FB/15)

28. The Working Group on Safety and Security Costs established as a result of the recommendations of the Operational Working Group on Staff Safety and Security to HLCM had its mandate to carry out a study for a harmonized approach to include safety and security-related resources in programme costs; review the cost-sharing formula for the apportionment of the budget of the UN Security Management System (UNSMS); review the 2010-2011 budgetary requirements for the UNSMS upon finalization and release of the UN Department of Safety and Security (DSS) proposed programme budget; and review any financial implications linked to the to-be-proposed new Security Level System.
29. The primary outlined concept for the activity was “no programme without security”. Two additional guiding principles for the work were later refined as “those benefiting from security services should pay for those services” and “security cost charges should have sufficient transparency to ensure effective resourcing”. However it was recognised that these principles had to be balanced with the need to ensure the current predictability of DSS resources.
30. During 2010 the WG was involved in information gathering exercise which resulted in formulation of issue catalogue and DSS information sheet. Further the WG issued discussion papers #1 and #2. The discussion paper #1 had identified key concepts – a set of conceptual propositions to address identified issues. The discussion paper #2 agreed-upon budget review process and budget format for increased transparency to facilitate budget review.
31. The review of the harmonized approach to include safety and security-related resources in programme costs developed and agreed on templates for the presentation of DSS budget information agreed on a revised budget review process and facilitated the timely submission of the DSS 2012-2013 budget data in the agreed format and required level of detail. The WG was praised by the FB Network at its February 2011 meeting for their contribution in streamlining the DSS JFA budget proposal review process.
32. In terms of review of the cost-sharing formula for the apportionment of the budget of the UNSMS, the WG had already analysed diverse documents to understand past lessons, identified key issues of concern to agencies and to DSS, and collected and circulated information about constraints which affect the funding of agencies. This work will be continued by completing the analysis of the 2012-2013 budget to better understand the relationships between the costs of providing services and beneficiaries of those services. This analysis will be captured in discussion paper #3, which will also introduce options for cost sharing and costing to programmes. By the end of 2011 the paper will be reviewed at the WG and shared with IASMN and FB Network. The WG will conclude its work in early 2012 with discussion paper #4 recommending options on cost sharing which the WG considers fair and equitable, and which satisfies its agreed objectives and principles.

33. The FB Network deliberated on possible application period of the new cost sharing mechanism. It was agreed that if the consensus on the new cost sharing mechanism will be reached in early 2012, it would be too late to apply the new mechanism to the biennium 2012-2013 considering that all participating organizations have already completed their budgets for 2012-2013 and, therefore, it should apply to the biennium 2014-2015. Current cost apportionment is based on previously established mechanism and was open to replacement once the new mechanism is available for the 2014-2015 budget.

➤ **Conclusions and Action Points**

34. The FB Network took note of the updated work plan of the Working Group on Safety and Security Costs to complete the review of the cost-sharing formula for the apportionment of the budget of the UNSMS and requested an update on work progress in its next meetings. In particular, the FB Network noted the need to ensure that there were no further delays and that the work plan should include clear milestones and progress reports.

VI. UN System-wide Financial Statistics Database and Reporting System

[Richard Barr, CEB Secretariat]

(Presentation: CEB/2011/HLCM/FB/18;

Document: CEB/2011/HLCM/FB/16; CEB/2011/HLCM/FB/17)

35. The Project Manager for the UN System-wide Financial Statistics Database and Reporting System referred the FB Network to the Data Model paper (CEB/2011/HLCM/FB/17), issued 10 June 2011 and the full report (CEB/2011/HLCM/FB/18) provided to this meeting. The project continued to be on time and within allocated budget.
36. The project was divided into 4 streams of work, as follows:
- i. Design of the data model and categorization of financial statistics UN system-wide;
 - ii. Identification of a suitable IT platform and system to host the database;
 - iii. Mapping of individual agency accounts to the data model and determining data transfer methodology;
 - iv. Design of a Web based graphical user interface (GUI) to showcase UN financial data.
37. Regarding the data model, members were advised that the work was mostly complete and reported in the documents. However, this would be fine-tuned during the individual agency mapping phase. Regarding the IT platform, after several consultations with an IT Steering Committee, it was agreed to allow ITU to host the system in their SAP BI/BW (Business Intelligence/Business Warehouse) system. Procurement has also begun to source the consultant needed to design the BI/BW configuration in SAP.
38. Many members spoke in favour of the proposed approach and urged the Project Manager to keep it as simple as possible so as not to add burden to organizations. The approach needs to clarify the expectations from the agencies and what the added workload, if any, would be. The present schedule was to complete individual agency mapping before the end of 2011, have the system ready by end March 2012 and go-live with agency data by June 2012.

39. There was some concern about the impact of IPSAS on classifications and comparability of data. The Project Manager agreed that, although we needed a Revenue category to reflect Exchange Transactions, it did not necessarily mean that this should also be the category name. He advised and the meeting agreed that, until all agencies were IPSAS compliant, the system would show both types of data with the appropriate footnote. Under IPSAS, organizations are required to report expenses by natural account. Several organizations asked if this was to be used in the Financial Statistics. This was considered during the system wide design consultation but dropped due to divergence in reporting among organizations. All agencies agreed to the proposed classifications subject to their expressed desire to engage this issue during the face to face mapping exercise. Several organizations wished to retain “Technical Co-operation” as a category for expense.
40. Several organizations stressed the need to use this project to reduce work. The Project Manager agreed to request an inventory of other reporting requirements and to use the mapping exercise as a way to potentially reduce burden further by incorporating other data collection requirements into the CEB system.
41. A Project Steering Committee had been created consisting of UN, UNDP, WFP, WHO and the CEB Secretariat. Network members felt that the Terms of Reference and minutes of this group should be shared with the FB Network and the Project Manager agreed to do this. Other organizations were encouraged to volunteer.
42. The challenge faced by the project was the issue of on-going support costs for certain technical solutions. The FB Network was advised that post-implementation support of the system would be undertaken by CEB IT staff. There was no intent to add the on-going costs of the system to the Jointly Financed Activities of the UN organisations.

➤ **Conclusions and Action Points**

43. The FB Network endorsed the project and project design, asked for work plan with deadlines including expectations from the FB Network members, and requested to be kept informed of progress through the reports of the Project Manager and the minutes of the Steering Committee.

VII. Impact of IPSAS on budgeting

i. Accrual Budgeting

44. The Task Force on Accounting Standards working focus group on ‘Budget Reporting and Reconciliation under IPSAS’ briefed the FB Network on their deliberations in the Task Force meeting and reactions to the external auditors recommendations pushing for implementation of accrual budgeting, linking this recommendation to the implementation of IPSAS. Discussion in the working group had revealed that there is limited support to implementation of the accrual budgeting at this time. Nevertheless, one of the organizations has implemented a form of accrual budgeting while a few others have been implementing capital budgeting and financing elements of staff benefits liability.
45. The Task Force members had observed that the external auditors’ recommendation was primarily justified by search for efficiency improvements forcing the organizations to optimize their accounting systems, which are often working on two parallel ledgers to produce IPSAS compliant

accrual accounts and cash based accounts for budget reconciliation. Without a detailed business case for accrual budgeting, Member States would not have a proper picture of the true implications of accrual budgeting. Nevertheless, the implementation pressure was growing.

46. The FB Network shared the opinion that the phrase ‘accrual budgeting’ was not also well defined. For instance, it was not generally agreed if accrual budgeting includes elements beyond capital budgeting and long term liabilities financing.
47. The meeting came to a conclusion that a study is needed to arrive at a carefully crafted position reflecting the views of the FB Network. The Network therefore agreed that a working group will be established to conduct the study with the following objectives: clarify the definition of accrual budgeting, probe experiences of accrual budgeting in the public sector and member states governments, and establish the FB Network’s position in relation to the views of external auditors. UNDP agreed to lead the group which will also include UN, UNFPA, ILO, UNESCO and WMO.

➤ **Conclusions and Action Points**

48. The FB Network established a Working Group on Accrual Budgeting to clarify the definition of accrual budgeting, probe experiences of accrual budgeting in the public sector and member states governments, and establish the FB Network’s position in relation to the views of external auditors.

ii. After Service Health Insurance (ASHI) Funding

[Armands Cakss, CEB Secretariat]

(Documents: CEB/2011/HLCM/FB/19; CEB/2011/HLCM/FB/20 ; CEB/2009/HLCM/FB/2)

49. The CEB Secretariat had conducted its annual ASHI survey capturing ASHI liabilities as of 31 December 2010. The survey results are included in the document CEB/2011/HLCM/FB/19. Additional queries concerning ASHI funding asked details of funding maintenance in a “legally separate entity” that would allow the funds to qualify as plan assets in accordance to IPSAS 25. The survey document will be reissued to cover wider range of respondents and to add full details of responses.
50. Discussion of the subject revealed differences between organizations in interpretation of the IPSAS 25 requirements for ASHI funding. The level of control of ASHI funds would determine if it is sufficiently separated from regular operations, however, the organizations had diverging views on a required degree of separation.
51. The General Assembly has recently also expressed an interest in ASHI funding level requesting the UN Secretariat to conduct a study of ASHI practices in all member states. An overall understanding was reached that differences and practices of ASHI liabilities funding should be closely monitored. The issue may merit to be revisited in the next FB Network meetings.

➤ **Conclusions and Action Points**

52. The FB Network acknowledging importance of harmonization of ASHI practices requested to revisit the subject in its next meetings.

VIII. Any Other Business

i. Next FB Network face-to-face meeting

53. A proposal was made to hold the next FB Network meeting starting 11 September 2012 in North America, possibly in New York hosted by UNDP or in Montreal hosted by ICAO. Traditionally the face-to-face FB Network meeting was targeted to take place in the last week of August back-to-back with the Task Force on Accounting Standards meeting. Various views were expressed, some of them not supporting the proposal. To arrive at the best fit meeting time, the Network requested the CEB Secretariat to draw up a 2012 calendar consolidating official holidays and block out dates for member organizations. The calendar will then be used to find the best fit meeting dates. The Network also considered the possibility to discontinue practice of having a back-to-back meeting with the Task Force on Accounting Standards.

ii. Cooperation with the Procurement Network

54. The Procurement Network is currently implementing an HBP project - Procurement Process and Practice Harmonization in support of field operations targeting harmonisation of procurement processes. The project lead has approached the CEB Secretariat asking FB Network's support in interpretation of certain Financial Regulations and Rules at different organisations. They will coordinate with the CEB Secretariat before circulating queries to the FB Network membership. The FB Network members were encouraged to provide all support necessary as requested by the Procurement Network.

iii. Key Performance Indicators (KPI)

55. The CEB Secretariat advised the Network that representatives from the CEB Secretariat and a few UN systems organizations had attended the Interpol inter-agency meeting on KPIs. The focus of the meeting was of interest to the UN system FB community - the Interpol group was considering the issue of whether financial and administrative KPIs can be harmonized across different public sector organizations? The Interpol was willing to act as a clearinghouse for potential KPIs of this nature. The CEB Secretariat will keep the FB Network apprised of the work of this group as it progresses.

iv. Harmonization of Business Practices (HBP) plan

56. The CEB Secretariat noted that, although there are currently a number of urgent on-going activities, time goes fast to assess feasibility of future projects. It was felt the follow-up work for Common Treasury Services project would qualify for HBP funds and those working on the project should prepare an HBP submission for the next HBP Steering Committee meeting. The members were also encouraged to come back with ideas for other potential business harmonization projects in the finance and budget field.

v. Cost recovery

57. UNDP and UNFPA are continuing a cost recovery review, analysis of which will be presented to the Governing Board in June 2012. Results of the review when available will also be shared with the FB Network. Progress of the review will be discussed at the next FB Network meetings.

vi. Audit of One UN programmes' joint activities

58. Queries were raised on reporting procedures for internal audits of One UN programmes' joint activities. As noticed that this new practice was resulting in audit observations being transmitted to the country office committees rather than for review and response to the headquarters. The audit reports were shared with donors. The practice had been requested by donors responding to varying quality of audit reports and would therefore be difficult to change without justifying it to donors.

➤ Conclusions and Action Points

59. The FB Network requested the CEB Secretariat to collect necessary information and to draw up a 2012 calendar consolidating official holidays and block-out dates for member organizations.

Annex 1 – Agenda

- 1) **Opening of the meeting**
- 2) **Joint Session of the Task Force on Accounting Standards and Finance and Budget Network**
 - *Document: Written update from the Task Force meeting (available at the meeting)*
CEB/2011/HLCM/22 HLCM Progress Report on IPSAS implementation to 30 June 2011
CEB/2011/HLCM/TF2 Draft Rules of Procedure of the Task Force
IPSAS Board Draft Consultation Paper - Service Performance
- 3) **Progress update from the Working Group on Common Treasury Services**
 - *Documents: CEB/2011/HLCM/FB/12 Presentation of the WG on Common Treasury Services*
KPMG Presentation to the FB Network
Feasibility Study Report
- 4) **Cost sharing arrangements for Jointly Funded Activities**
 - *Documents: CEB/2011/HLCM/FB/13 Cost apportionments for Jointly Funded Activities budgets 2012-2013*
CEB/2011/HLCM/FB/14 Salary Survey Activities - 2012-2013 Proposed Programme Budget
- 5) **Cost sharing arrangements of UNDSS shared budget**
 - *Documents: CEB/2011/HLCM/FB/15 Presentation of the WG on Safety and Security Costs*
- 6) **UN System-wide Financial Statistics Database and Reporting System**
 - *Documents: CEB/2011/HLCM/FB/16 Report of Data Model and Technical Requirements*
CEB/2011/HLCM/FB/17 Report for the Finance and Budget Network;
CEB/2011/HLCM/FB/18 Presentation by the Financial Statistics Database and Reporting Project
- 7) **Impact of IPSAS on budgeting**
 - *Documents: CEB/2011/HLCM/FB/19 Impact of IPSAS on budgeting*
CEB/2011/HLCM/FB/20 Operation of the Building and Accommodation Fund, ILO case briefing
CEB/2009/HLCM/FB/2 Report of the WG on Capital Budgeting Practices
- 8) **Any other business**
- 9) **Conclusions**

Annex 2 – List of Participants

Co Chairs: Nicholas R. Jeffreys (WHO)
Darshak Shah (UNDP)

Organization	Name and Title	Email address
UN	Mr. Chandramouli Ramanathan Director, Accounts Division	ramanathanc@un.org
	Mr. Carlos Perrone Treasurer	perronec@un.org
FAO	Mr. Tony Fletcher Principal Officer, Finance Division	tony.fletcher@fao.org
	Rene Knellwolf Senior Finance Officer	rene.knellwolf@fao.org
IAEA	Ms. Helen Brunner De Castris Chief, IPSAS Project Manager	h.brunner-de-castris@iaea.org
ICAO	Mr. Rahul Bhalla Chief, Finance Branch	rbhalla@icao.int
	André Parson's IPSAS Project Manager	aparsons@icao.int
IFAD	Mr. Munehiko Joya Treasurer	m.joya@ifad.org
	Ms. Catherine Guerrasio Treasury Project Co-ordinator	c.guerrasio@ifad.org
ILO	Mr. Greg Johnson Treasurer and Financial Comptroller	johnson@ilo.org
	Mr. Jose Vacca Chief, Treasury & Accounts Branch	vacca@ilo.org
IMO	Mr. Andrew Richardson Senior Financial Control and Account Officer	arichard@imo.org
	Mr. Maw Tun Work Programme and Budget Officer	mtun@imo.org
PAHO	Ms. Sharon Frahler Area Manager, Financial Management and Reporting	frahlers@paho.org
UNAIDS	Mr. Joel Rehnstrom Director, Financial Management and Accountability	rehnstromj@unaids.org
	Mr. Hany Abouyoussef Finance Officer	abouyoussefh@unaids.org
UNDP	Mr. Darshak Shah Deputy Assistant Administrator, Deputy Director and Chief Finance Officer	darshak.shah@undp.org
	Ms. Odette Anthoo Manager, Financial Policies and Procedures	odette.anthoo@undp.org
	Ms. Hellen Hall Chief of Corporate Reporting	hellen.hall@undp.org
UNESCO	Ms. Dominique Notari Deputy Director and Treasurer	d.notari@unesco.org
	Mr. Steven Shepherd Accountant	sp.shepherd@unesco.org
UNFPA	Ms. Iva Goricnik Chief, Budget Section	goricnik@unfpa.org
UNIDO	Mr. Akira Noro Unit Chief and Deputy Director	a.noro@unido.org

Organization	Name and Title	Email address
UNRWA	Mr. Shadi El-Abed Chief Accounts Division	s.el-abad@unrwa.org
	Mr. Joby Mathew	j.mathew@unrwa.org
UNWTO	Ms. Farah de Lira BFN IPSAS Project	flira@unwto.org
UPU	Mr. Pascal-Thierry Clivaz Director of Finance and Strategy	pascal.clivaz@upu.int
WFP	Mr. Sean O'Brien Director, Budget and Programming & Deputy CFO	sean.obrien@wfp.org
	Mr. Robert van der Zee Treasurer	robert.vanderzee@wfp.org
WHO	Mr. Nick Jeffreys Comptroller	jeffreysn@who.int
WIPO	Ms. Janice Cook Robbins Head of Finance Services	janice.cookrobbins@wipo.int
	Ms. Magda Bona Head of Budget Section	magdi.bona@wipo.int
WMO	Mr. Tomiji Mizutani Chief, Budget Office	tmizutani@wmo.int
CEB Secretariat	Mr. Richard Barr Senior Finance Project Manager	rbarr@unog.ch
	Mr. Armands Cakss Secretary, Finance and Budget Network	acakss@unog.ch
	Mr. Giulio Gentile Intern	giuliofgentile@yahoo.it
CEB IPSAS Project	Ms. Dinara Alieva Financial Analyst	alievad@un.org
	Ms. Neeta Hatley Financial Analyst	hatley@un.org
Guest Speaker:		
KPMG	Mr. Lee S Edwards Partner	lee.edwards@kpmg.co.uk
Other Representatives:		
CTBTO	Mr. Grahame Soper Chief, Financial Services Section	grahame.soper@ctbto.org
	Mr. Mikyung Lachs Chief of Accounts	mikyung.lachs@ctbto.org
IOM	Ms. Yvonne Mortlock Chief of Accounting	ymortlock@iom.int
OPCW	Ms. Minako Tachibana Head, Finance and Accounts Branch	minako.tachibana@opcw.org
OSCE	Ms. Melissa Buerbaumer Chief of Accounts	melissa.buerbaumer@osce.org
WTO	Mr. Tristan Bauswein Chief Budget and Finance Section	Tristan.Bauswein@wto.org