

**Administrative Committee  
on Co-ordination**ACC/1983/21  
30 September 1983**REPORT OF THE FIFTY-NINTH SESSION OF THE  
CONSULTATIVE COMMITTEE ON ADMINISTRATIVE QUESTIONS****(FINANCIAL AND BUDGETARY QUESTIONS)****CONTENTS**

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## ANNEXES

- I. List of participants
- II. Agenda adopted by the Committee on 12 September 1983
- III. CCAQ country-wide exceptions to the standard formula for the currency of salary payments

Introduction

1. The Consultative Committee on Administrative Questions held its fifty-ninth session on financial and budgetary questions at the Headquarters of the United Nations Fund for Population Activities in New York, from 12 to 16 September 1983. Mr. T.A.J. Keefer (WIPO) was Chairman and Mr. S. Tomita (UNFPA) Vice-Chairman. Annex I contains a list of the participants.

I. Matters for the attention of the  
Administrative Committee on Co-ordination

2. The Committee considered that all of the conclusions reached at its fifty-ninth session fell within the scope of the authority delegated to it by the Administrative Committee on Co-ordination. Accordingly, it saw no need to bring any of its conclusions at the session to the attention of ACC for final decision.

II. Discussions and decisions of the Committee

3. At the outset of its session, the Committee heard a statement by the Deputy Executive Director of UNFPA who, in the absence of the Executive Director, welcomed its presence at UNFPA Headquarters. The Committee wishes to record its gratitude for the hospitality extended to it by UNFPA, and for the quality of the facilities provided.

Item 1 - Adoption of the agenda and of a programme of work

4. The Committee adopted the agenda set out in annex II, together with a programme of work. Annex II also lists the documents submitted under the various items of the agenda.

Item 2.1 - Effects of currency instability and inflation

5. In accordance with standing arrangements, the participants in the session exchanged information and views of developments concerning the effects of currency instability and inflation in the organizations of the United Nations system.

Item 2.2.1 - Jointly-financed administrative activities: International Civil Service Commission - Performance report on the programme budget for the biennium 1982-1983

6. The Committee examined a report by the secretariat of the International Civil Service Commission on performance under the Commission's programme budget for 1982-1983, presented to it with the comments of CCAQ(PER) and of the Commission itself. The Executive Secretary of the Commission drew attention to the importance that its secretariat attached to strict control of expenditure

under the approved budget estimates. The Committee noted that recent decisions, notably those having to do with a special session of the Advisory Committee on Post Adjustment Questions and the testing on project positions of the master standard for the grading of posts, were expected to raise expenditures over the level indicated in the document, but that measures would be taken to keep total outlays within the authorized limits.

Item 2.2.2 - Jointly-financed administrative activities: International Civil Service Commission - Draft programme budget for the biennium 1984-1985

7. The Committee then turned to the draft programme budget prepared by the secretariat of the International Civil Service Commission for the Commission's work in 1984-1985, taking account of the comments of CCAQ(PER) and adjustments recently agreed upon by the Commission itself. The Executive Secretary of the Commission, in introducing the proposals, pointed out that these adjustments reduced the biennial rate of real growth of the estimates to 1.8 per cent in relation to the appropriations for 1982-1983. The Committee welcomed this reduction, given that the prevailing climate of budgetary stringency in the organizations of the United Nations system made it difficult for them to envisage increases in real terms in the contributions by which they financed the Committee's activities, in spite of the value that they attached to those activities.

8. The Committee recalled the financial measures that it had approved in September 1981 to enable the Commission to hold one of its two sessions each year at the United Nations Office at Geneva. It had been agreed at that time that, if another organization wished to act as host for one of the sessions of the Commission, that organization would be asked to meet the extra costs of holding the session at the place which it proposed. These extra costs had in the meantime been found to be substantial enough to discourage several organizations which would otherwise have wished to do so from considering acting as host for one of the Commission's sessions. Bearing in mind the desirability of having the sessions held in different locations, the Committee invited the Executive Secretary, in the context of the budget proposals which he would submit for 1986-1987, to consider proposing a programme of meeting locations and to provide in his estimates for the costs of sessions which would not be held at offices of the United Nations. In this way such costs might be shared by all of the organizations which contributed to the costs of the Commission, and the latter might enjoy more flexibility as regards the location of its sessions.

9. Subject to these observations, the Committee agreed the draft programme budget of the Commission for 1984-1985 on behalf of ACC.

Item 2.2.3 - Jointly-financed administrative activities: Advisory Committee for the Co-ordination of Information Systems - Proposed programme of work and budget for the biennium 1984-1985

10. CCAQ had before it a proposed programme of work and budget for the Advisory Committee for the Co-ordination of Information Systems for 1984-1985.

11. The Committee felt somewhat handicapped for the purposes of its review of these proposals by the fact that, for reasons which it understood, they had not yet been considered by ACCIS itself. The secretariat of ACCIS had, in addition, not been able to be represented to explain the estimates. The Committee trusted that the problems which had led to this situation would be overcome as the organization of the work of ACCIS and its secretariat progressed.

12. In the circumstances, the Committee could only note that the programme provided for in the proposals was a continuation and development of that which had been approved for 1983 by ACC and subsequently reported to the Economic and Social Council, and that the resources proposed remained, in real terms, roughly at the level approved by ACC for inter-organization co-ordination of information systems in the current biennium. Bearing this in mind, it had no objection to the proposals. However, it believed that any increases in resources (the possibility of which was foreseen, in particular, under programme element 2.8, on the subject of a directory of United Nations data and word-processing facilities) should be considered only under the normal budget approval procedures and not in the context of a budget performance report. The Committee also wished to suggest that the beneficiaries of the services of ACCIS should be more clearly identified, and that it would be desirable, in the formulation of ACCIS programmes, to avoid too great a dispersion of effort.

Item 2.2.4 - Jointly-financed administrative activities: International Computing Centre - Budget estimates for 1984

13. In conformity with the established arrangements, the representatives of organizations participating in the International Computing Centre met in conjunction with the Committee's session to review the proposed budget of the Centre for 1984. The proposals had already been agreed by the Centre's Management Committee.

14. The Director of the Centre introduced the proposals, explaining changes in relation to resource levels approved for 1983. He pointed out that the exchange rate used in translating the Swiss-franc figures into US dollars would be reviewed by the United Nations at a later stage in the framework of its normal budget preparation procedures.

15. Changes in the Centre's staffing pattern were expected to become necessary in view of the changing nature of its activities. On this subject, the Committee noted that the Centre's complement of authorized Professional posts was not fully utilized at present, since the estimates contained no funding for some of them. It appeared to the members that, in the context of user-related budgeting arrangements, there would be no objection to funding some or all of these posts in the course of a financial period under the authority of the Management Committee. Any request for additional Professional or General Service posts would need to be handled under the normal procedures for examination of the Centre's budget estimates.

16. In relation to this, the Committee requested that a staffing table be submitted to it in connexion with future estimates. It also considered that the material contained in the body of the documents presenting the Centre's budget estimates should be made as concise as possible, detailed presentations being placed in the annexes.

#### Item 3.1 - Financial statements

17. The Committee recalled that it had, in March 1982, on the proposal of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency, recommended minimum requirements for the financial information to be reported at the end of the first year of biennial financial periods. WHO now drew attention to the difficulties which it had encountered as a result of implementing this recommendation, notably as regards the queries which had been raised in its legislative body.

18. The Committee considered whether, in the light of these difficulties, its recommendations of 1982 should be reconsidered. Having noted the prevailing diversity in the presentation of interim financial reports, it concluded that the matter of implementing the recommendations should continue to be left to the discretion of individual organizations.

Item 3.2 - Agency audit reports on UNDP funds

19. UNDP drew the Committee's attention to the views expressed at the thirtieth (June 1983) session of its Governing Council with respect to audit reports relating to funds provided to its participating and executing agencies. The Governing Council had, in particular, following previous decisions, called for the inclusion as promptly as possible of observations on substantive matters in audit reports concerning such funds.

20. Several members of the Committee pointed out that the funds which they received from UNDP were administered subject to the same controls, and under the same intergovernmental supervision, as all their other resources. Their position was that audit reports were addressed in the first instance to the organizations' own governing bodies, for which they constituted an important instrument of financial control, regardless of the source of financing involved. These members of course had no objection to having such reports submitted to the Governing Council as well where they covered funds provided by UNDP.

21. Having noted that the Governing Council intended to pursue its examination of these reports, the Committee agreed that it would be in the interests of its members for further explanations to be provided on this subject, notably through the representatives of participating and executing agencies. Having also noted the Governing Council's desire for greater emphasis on effectiveness audits, several members reaffirmed the view of principle, expressed in CCAQ in September 1982, that the organizations' external auditors were solely responsible for determining the scope and content of audit reports.

Item 3.3 - Agreements between the organizations and donors of trust funds and other special funds

22. The CCAQ secretariat reported on the progress of its discussions with the Government of the Federal Republic of Germany with regard to a model agreement for trust funds to be made available by that Government to the organizations of the United Nations system for technical co-operation activities. The Committee examined and agreed, subject to some modifications, a compromise text prepared by the secretariat, which was intended to take account of the Government's desiderata to the maximum possible extent. The Committee hoped that this text could be accepted by the Government, and asked the secretariat to inform the members by correspondence, in due course, of the results of the discussions.



23. The Committee reaffirmed its view that any model text agreed with the Government of the Federal Republic of Germany would have to be subject to ad hoc adjustments as required to take account of the characteristics of individual projects or activities and of the circumstances of individual organizations. It also reaffirmed its intention to limit its efforts in respect of a model text to an agreement covering technical co-operation projects. The negotiation of agreements covering trust funds to be financed by the Federal Republic of Germany for other purposes would be left to individual organizations concerned. The common model text, if and when agreed, could of course be taken as a basis for such other agreements.

24. The Committee considered that it had now completed its work on this subject.

Item 4.1.1 - Currency of salary payments: CCAQ country-wide exceptions to the standard formula

25. On the proposal of the United Nations and UNDP, the Committee decided to maintain, pending the results of a place-to-place survey which had not yet been completed, arrangements for the payment of 100 per cent of Professional emoluments in the currency of choice in Uganda. The Committee also decided to maintain for the time being, and subject to a possible inter-session change to be agreed upon by the United Nations and UNDP in accordance with the authority delegated to them, the existing arrangements for the payment of 80 per cent of Professional emoluments in the currency of choice in Ghana. Having received further information on the situation in Mozambique, the Committee further decided to return as from 1 November 1983 to the previous arrangements under which 90 per cent of emoluments were payable in the currency of choice to Professional staff stationed in that country; staff to which the new national currency restrictions were applicable would be eligible for payment of 100 per cent of their emoluments in the currency of choice under personal exemptions. A revised list of country-wide exceptions to the standard formula for the currency of salary payments, as it results from these decisions, appears in annex III.

26. The Committee requested the United Nations and UNDP to reinvestigate the situation in Guinea and to report back on that situation at its next session.

27. Having examined the above questions in the context of the existing system for the currency of salary payments, the Committee turned to a proposal by WHO that the system itself should be reconsidered. WHO had suggested that, in such a reconsideration, the following should be among the elements to be taken into account:

- the extent to which local-currency payments were needed to utilize local-currency balances;
- the relevant practices of governments and of intergovernmental organizations outside the United Nations system;
- the need, according to the country considered, to maintain local-currency payments at the operational rate of exchange owing to the link between that rate and the post-adjustment classification;
- the possibility of maintaining the present formula subject to liberalization in countries having convertible currencies.

28. A number of members supported this proposal. The Committee was, however, reminded that the existing system also had certain advantages, notably in that:

- it embodied respect for the currencies of all countries and discouraged recourse to unauthorized currency transactions;
- it encouraged staff to make purchases locally to the maximum possible extent;
- it helped to increase the utilization of certain currencies available to UNDP.

29. Having discussed these issues, the Committee agreed that the time might have come to re-examine the existing arrangements, but that the personnel policy aspects of such a change should be considered. Accordingly, it requested the CCAQ secretariat to submit to both CCAQ(PER) and CCAQ(FB) a document setting out proposed terms of reference and background material for a working party that might be convened to study the matter in detail. The United Nations, UNDP, ILO and WHO agreed to participate as necessary in the preparation of this documentation, which would need to cover the points mentioned in paragraphs 27 and 28 above.

Item 4.1.2 - Currency of salary payments: Local-currency payments

30. Further to the Committee's decision in September 1982 to abolish payments of the local-currency portion of emoluments of international staff at the market rate of exchange on the date of payment, and to the subsequent discussions in March 1983, the ILO brought the members up to date on the problems which it was encountering in applying the new arrangements in Peru. It was agreed that the ILO should pursue consultations with the United Nations and the secretariat of the International Civil Service Commission on the subject of technical means through which these problems might be overcome.

Item 4.1.3 - Currency of salary payments: Conversion of currencies upon departure from field duty stations

31. At the request of FAO, the Committee reverted to the question of guidelines for the conversion of local-currency balances held by staff upon their departure from field duty stations. On the last occasion on which this question had been discussed in CCAQ, in March 1980, it had been agreed that the guidelines of UNDP, although they applied only to conversions handled through UNDP bank accounts, set a standard that it was desirable to follow in other cases as well. The Committee reaffirmed this position. It noted that the UNDP guidelines were under review at the present time.

Item 4.2 - Reimbursement of income tax

32. The Committee was informed of the results of a meeting held since its last session by members of the team designated to conduct discussions with the United States Government on the subject of a new agreement for the refund, to organizations which had no tax-equalization funds, of reimbursements made to their staff for United States income taxes. The team had in particular agreed on a draft model agreement for communication to the Government. The latter, having received this draft, had stated its willingness to continue discussions. At present it seemed that the discussions could be resumed in a few weeks. The members of the Committee looked forward to being apprised of the results through the CCAQ secretariat.

33. The participants exchanged information on the situation in their organizations in so far as it had a bearing on this issue. They were also informed by observers from the Organization for Economic Co-operation and Development and the Organization of American States of developments in those organizations.

Item 5.1 - Problems of cash flow and liquidity in the organizations of the United Nations system

34. As requested at its last session, the Committee had before it updated tables giving information on the collection of assessed and voluntary contributions by organizations and programmes of the United Nations system at mid-year in the years from 1978 to 1983. In connexion with these tables, the participants exchanged information on the current cash position of their organizations. They also exchanged information on matters relating to the collection of contributions which were at present under study by the Advisory Committee on Administrative and Budgetary Questions.

35. The Committee requested its secretariat to submit updated tables once again in a year's time, in order that it might follow the evolution of the situation. It requested also that a new table should be added, showing by organization the amount of accumulated arrears of assessed contributions at the beginning of the same years, both in absolute amounts and as percentages of budget estimates for the years concerned.

Item 5.2 - Deposit and investment arrangements

36. During a private sitting, the Committee held an exchange of information and views on deposit and investment arrangements.

Item 6.1 - Arrangements for official travel by air

37. At its last session the Committee had decided that, without prejudice to action to be taken by the United Nations in response to recommendations of the Joint Inspection Unit and to wishes expressed by the General Assembly, an ad hoc meeting of organizations and offices in Geneva should be convened by the CCAQ secretariat to study questions that would need to be considered in connexion with a possible approach to the appropriate authorities to obtain special conditions for official travel by air undertaken by staff of the organizations of the United Nations system. The Committee was now informed of the conclusions reached at that ad hoc meeting. It had before it, in addition, statements of the views of the United Nations and of other organizations on this subject, collected by the secretariat as recommended during the meeting.

38. The Committee took note of these data, and of observations of the Inter-Agency Procurement Services Unit on the subject of air travel arrangements. It accepted with appreciation the offer of IAPSU to submit a detailed written statement, along the lines of a study recommended during the ad hoc meeting, at the next session.

39. The Committee was also informed, and took note with interest, of measures recently taken and of arrangements under consideration in the United Nations in relation to official travel by air, including among other things the selection of a new travel agency and a revision of travel standards. The participants expressed the hope that their organizations could be associated with any measures that might be introduced in the United Nations which would have the effect of reducing travel costs without prejudice to travel conditions.

Item 6.2.1 - Insurance arrangements: Fellowship holders

40. The Committee reviewed the action taken or contemplated by the organizations in order to benefit from the system-wide policy which had been negotiated at its request for the insurance of holders of fellowships and assimilated persons. The participants expressed the desire to be informed in due course by the CCAQ secretariat of the total number of persons expected to be covered in participating organizations, since this could affect the level of future premiums, and of the types of coverage selected by each of those organizations.

Item 6.2.2 - Insurance arrangements: Compensation payments

41. It was understood that the information which the Committee had requested in March 1983 on questions relating to a possible system-wide insurance policy covering payments in the event of service-incurred illness, injury or death would be submitted by UNDP (IAPSU) at the next session.

Item 6.2.3 - Insurance arrangements: Cargo

42. As requested at its last session, the Committee had before it a report, prepared by IAPSU, concerning possible system-wide coverage in the field of cargo insurance. The participants agreed to examine this report in detail and to return to it at the next session. IAPSU indicated that it would in the meantime give the proposals further study in order to see whether improvements could be made, and would also investigate the matters of deductible items and how they related to the quotations, the brokers currently serving the organizations and claims settlement experience with the brokers who had made the most attractive offers.

Item 6.3 - Inter-organization charges

43. In March 1983, the Committee had agreed to review at its present session the arrangements put into effect by CCAQ on 1 January 1978 and under which individual organizations were to absorb charges of up to US\$20 incurred by them on behalf of other organizations. The Committee now decided that, with effect from 1 October 1983, the amount below which invoices for services

rendered would not be prepared should be increased to US\$50, it being understood that certain types of inter-organization transactions, such as those relating to staff members' payments or to the distribution of communications costs, would continue to be regarded as falling outside the agreement.

Item 6.4 - Use of central files of administrative data

44. At its last session the Committee had expressed interest in the possibility of tapping central data banks in the United Nations system, wherever they might be located, for information that was constantly required. Since then, the matter had been further explored by organizations and offices in Geneva, with the assistance of the Officer-in-Charge of the ACCIS secretariat and of the Director of ICC. In the view of those organizations and offices, which was now reported to the Committee, arrangements for access for central files should provide for:

- automatic transmission of data to the participating organizations and facilities for on-line inquiries, and
- the possibility of integration of data into payroll and other systems.

At a later stage of development, the arrangements might also permit:

- on-line use of relevant central programmes for certain frequent calculations.

45. The Committee also had before it information collected by the CCAQ secretariat concerning organizations' current or potential capacity to take advantage of the arrangements envisaged, and their views on the priorities to be laid down for access to central files on various subjects. According to this information, most organizations had or planned to have, in varying degrees, the capacity to take advantage of the arrangements. The files in which the greatest interest had been expressed were, in rough order of priority:

- Post adjustment classifications;
- Rates of daily subsistence allowance (accompanied by lists of hotels used in developing them);
- Operational exchange rates;
- Information on rental subsidies;
- Fellowship stipend rates;
- Duty stations classified according to conditions of life and work;
- General Service salaries;

- Rates for short-term conference interpreters and translators;
- Pension information.

Interest had also been expressed in scales of pensionable remuneration, Professional salary scales, scales of post adjustment, rates of assignment allowance, financial incentives and rosters of job applicants.

46. The Director of ICC informed the Committee of the results of an analysis which he had undertaken at the request of the organizations and offices in Geneva on the relative ease of setting up the arrangements envisaged, and of his rough estimates for the costs that would be involved as regards the subjects listed in paragraph 45 above for data storage, the conversion of data to a standard format, computer usage and communications. From this information it appeared that the system would be a relatively simple one and that the costs would be moderate. (There would, of course, also be costs involved eventually in putting a number of files into machine-readable form.)

47. The Committee agreed with the view of the organizations and offices in Geneva that responsibility for the input of information into such a system and for updating the information should rest exclusively with the offices where it was now originated. In this connexion, the Committee noted the plans of the secretariat of the International Civil Service Commission to put certain of its files into machine-readable form. The data would of course continue to be circulated in the form of hard copy as well if the arrangements now under consideration by CCAQ were implemented.

48. The participants reaffirmed their interest in these arrangements and expressed the hope that implementation could be started without delay. With this in view, they agreed that, under the general responsibility of the CCAQ secretariat, and the technical responsibility of ICC, means of tapping two existing files and presenting the data in a usable form should be worked out on a trial basis and put before the Committee at its next session. The files that would be used were that of the United Nations for operational rates of exchange, and that of WHO for rates of daily subsistence allowance, on the understanding that the use of the WHO file in the trial stage would in no way prejudice the responsibility of the secretariat of ICSC for the maintenance, and eventual presentation in machine-readable form, of daily subsistence allowance data. It was further agreed that the member organizations of CCAQ would share the costs involved in the trial exercise and that the relevant 1982-1983 budget appropriation of the CCAQ secretariat could,

if necessary, be exceeded for this purpose.

Item 7.1 - Financial regulations: Additional terms of reference governing external audit

49. The Committee was apprised of a proposal being placed before the General Assembly, on the initiative of the Board of Auditors of the United Nations, that certain changes should be made in the "Additional terms of reference governing the audit of the United Nations", which formed an annex to the Financial Regulations of the Organization. Recalling that these provisions corresponded to standard inter-organization texts which had been originally worked out with the assistance of the Panel of External Auditors and had since then been adopted by the majority of the organizations, the Committee expressed some regret that amendments should now be proposed without prior inter-organization consultation.

50. The new version proposed for paragraph 5 of the additional terms of reference substituted, for the existing prescribed texts for audit opinions or audit certificates, guidelines specifying four subjects for coverage in audit opinions. The Committee understood the intention behind these guidelines to be that they would allow auditors to cover either some or all of the four subjects in individual opinions, according to the nature of the accounts being audited. The wording proposed, however, appeared to make the coverage of all four subjects obligatory in all cases. The Committee also wondered whether it was desirable to move away from prescribed texts which were familiar to all readers of the organizations' audited accounts.

51. The proposed new paragraph 10 stipulated that the auditors were not required to mention any matter referred to earlier in the additional terms of reference which, in their opinion, was insignificant in all respects. The members of CCAQ considered that although some of the additional terms of reference contained very detailed requirements, it was to be expected, given the standing and responsibility of external auditors in the United Nations system, that they should exercise their judgement in such matters without needing specific authority to do so.

52. In connexion with this item of its agenda, the Committee was seized of a proposal by the Panel of External Auditors that the organizations generally should be prepared to provide their auditors with "letters of representation" giving assurances about factors affecting their accounts. The Committee decided to return to this proposal at its next session. It noted in the meantime that no such letters were at present being provided by or on behalf



of the executive head of any autonomous organization in the United Nations system.

Item 7.1.2 - Financial regulations: Developments in UNDP

53. UNDP provided the participants with information on action at the June 1983 session of its Governing Council on two subjects which had been considered by the Committee on several recent occasions: waivers of the international competitive bidding requirements in UNDP Financial Regulation 14.5 for trust-fund projects administered by the United Nations Capital Development Fund, the United Nations Sudano-Sahelian Office and the United Nations Financing System for Science and Technology for Development; and the development of guidelines for the procurement of equipment, supplies and services under UNDP Financial Regulation 15.4. This information was noted. UNDP assured the Committee that any procurement guidelines intended for application by the organizations generally would be placed before CCAQ prior to their submission to the Governing Council.

54. An informal discussion was held during which UNDP reviewed with representatives of its executing agencies a change which it had proposed in its criteria for recording unliquidated obligations against UNDP-financed projects. Some agencies expressed their concern over the proposed change and its implications on their operational and financial procedures. At the conclusion of the discussion, UNDP offered to review the subject again in the light of the concerns expressed and its own requirements for financial management and controls. It advised agencies that it would inform them of its final conclusion on this matter within the coming weeks.

Item 7.2.1 - Support costs: Agency ex post facto reporting

55. UNDP informed the Committee that the Governing Council had now accepted its proposal concerning the biennial submission of ex post facto reports on support costs covering all of its participating and executing agencies. In order to meet its deadlines for the report to be submitted in 1984, it had now found that it would need to receive agencies' contributions not later than 1 April. It emphasized the importance of conforming to this schedule and undertook to send out reminders before the end of 1983.

Item 7.2.2 - Support costs: Activities financed by UNCDF and UNSO and projects executed directly by UNDP

56. The Committee noted that, under a decision taken by the Governing Council at its last session, special rates of support-cost reimbursement would not apply to projects financed by UNCDF and UNSO where these projects were carried out by executing agencies other than UNDP.

Item 7.2.3 - Support costs: Activities financed by the United Nations Fund for Namibia

57. The Committee noted that under decision 83/10, taken at the last session of the Governing Council, the Administrator of UNDP had been requested to examine, in consultation with the executing agencies, the feasibility and financial implications of waiving agency support costs in respect of projects financed from the United Nations Fund for Namibia. Under the same decision the Administrator and the executing agencies had also been requested to treat the contributions from the Fund as government cash counterpart contributions, so that the agencies would not charge support costs in excess of 3.5 per cent in cases where they had not yet waived their support costs in respect of projects financed from the Fund.

58. UNDP informed the Committee that the United Nations Office of Legal Affairs, which it had consulted in this matter, had advised it that contributions from the Fund for Namibia could not properly be regarded as government cash counterpart contributions. This, of course, did not affect the request for the waiving of support costs in respect of projects financed by the Fund.

59. Several organizations which had implemented such projects observed that in their experience the support costs which had been involved had been extremely high. Thus, in cases where the normal 13 per cent support-cost rate was applied, the project was already heavily subsidized by the executing agency. Other organizations pointed out that they were bound by decisions of their governing bodies to apply the 13 per cent rate in all cases, or in all cases where it was not demonstrated that actual support costs amounted to a lower proportion of project costs. It was recalled, finally, that when the organizations had collectively agreed to accept the new 13 per cent rate in 1980, it had been on the understanding that that rate would be of general applicability. For all of these reasons the organizations did not find themselves in a position to accede to the Governing Council's request.

Item 7.3 - Harmonization of support procedures

60. The Committee recalled that the General Assembly, in its resolution 37/226, concerning operational activities for development, had urged all organs, organizations and bodies of the United Nations system "to take the necessary steps to ensure the harmonization of administrative, financial, planning and procurement procedures" pertaining to operational activities for development, and had requested ACC "to report, in its annual overview report of 1984, on specific action taken". In the meantime the Director-General of the United Nations for Development and International Economic Co-operation had arranged for a study to be made with all organizations concerned regarding the harmonization of procedures in the area of operational activities. This report was now before the Committee, with an indication from the Director-General that he had proposed to the Chairman of CCSQ(OPS) that it should be considered in the first instance by that Committee. However, since issues associated with the harmonization of procedures were directly related to a number of concerns of CCAQ, the Director-General also suggested that the Committee might wish to consider the recommendations of the report and to advise on further action that might be taken.

61. The Committee noted with interest several statements in the report concerning the limits within which inter-organization co-ordination could profitably be pursued. It noted also that the report dealt principally with issues falling within the area of competence of CCSQ(OPS). It agreed, however, that the long-standing and continuing efforts of CCAQ in the area of administrative co-ordination might usefully be covered in the report of ACC. With regard to financial and budgetary matters in particular, it requested its secretariat to draw up an annotated listing of the subjects in which such co-ordination had already been achieved, and to communicate the list to the appropriate persons for use in the report.

Item 7.4 - Security measures

62. The Committee considered a suggestion put forward during a recent Ad Hoc Inter-Agency Meeting on Security Matters to the effect that the formula currently used to apportion the costs of security measures among the organizations should be revised in such a way that costs incurred at major field duty stations would be shared on the basis of the number of staff belonging to each of the organizations at each such location. After discussion of this suggestion, the Committee agreed that it would prefer to maintain the existing arrangements for all field duty stations, in view of the

simplicity of those arrangements.

Item 7.5 - Proposal on establishment of field dispensaries

63. The Committee then turned to a proposal put forward by UNDP, on the basis of a recommendation by the organizations' Medical Directors, concerning procedures for the establishment and financing of dispensaries at field duty stations. Under the proposal, once the Medical Directors had agreed that the establishment of a dispensary was warranted, UNDP would inform the organizations' administrative services with a request for their concurrence within 30 days. The absence of a reply within that time would be deemed to indicate consent. The costs involved, which would be modest, would be absorbed by the organizations pending the conclusion of appropriate cost-sharing arrangements. The Committee agreed to this proposal.

Item 8.1 - Work programme of the secretariat

64. The Committee considered that the work programme of its secretariat up to the next session should include the following items:

- Accounting and financial reporting - Completion of discussions concerning the model trust-fund agreement proposed by the Government of the Federal Republic of Germany and circulation of the results;
- Payment of salaries and allowances - Preparation of a background paper on possible new arrangements for comment by CCAQ(PER) and, in consultation with organizations, of proposed terms of reference and documentation for a possible working party; preparations for any working party; other work as required in connexion with the currency of payments; circulation of results of discussions with the United States Government on tax reimbursement arrangements;
- General financial systems - Circulation of data on organizations' use of the system-wide insurance policy for fellowship holders; follow-up on further work on the proposed system-wide policy for cargo insurance; follow-up on the preparation of a study on air travel arrangements; preparation for the presentation to be made at the next session, in collaboration with ICC, on the use of central files of administrative data; preparation of material on CCAQ action in harmonizing administrative procedures for use in the 1984 annual report of ACC;

- Organizational questions - Revision of the CCAQ Handbook; consultations on the time and place of the next session of CCAQ(FB); preparations for the session.

Item 8.2 - Election of the Chairman and Vice-Chairman for 1984-1985

65. The Committee elected Mr. G. F. Saddler (UNESCO) as the next Chairman of its sessions on financial and budgetary questions, for a term of one year starting from the first regular session in 1984. It elected Mr. G. Pozza (ITC (UNCTAD/GATT)) as Vice-Chairman for the same period.

Item 8.3 - Time and place of the next session

66. The Committee provisionally agreed that its next session on financial and budgetary questions should take place from 12 to 16 March 1984. One organization requested that the session should be held in the same city as the concurrent sessions of the International Civil Service Commission and of CCAQ(PER). The Committee had before it, in addition, a kind offer by UNIDO to act as its host in Vienna. It requested its secretariat to hold further consultations with the organizations on these questions and to make the results known by correspondence.

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ANNEX I

List of participants

Chairman: Mr. T. A. J. Keefer  
Vice-Chairman: Mr. S. Tomita  
Secretary: Mr. L. Samuelson

Representatives of member organizations

United Nations: Mr. R. Foran, Assistant Secretary-General,  
Office of Financial Services  
Mr. M. Irwin, Medical Director  
Mr. E. H. Gregory, Chief, Financial Management  
and Control Systems Unit, Office of Financial  
Services  
Ms. R. Hanrahan, Chief, Financial Management  
and Budget Control Service, Department of  
Technical Co-operation for Development  
Mr. T. Nakayama, Treasurer, Office of Financial  
Services  
Mr. P. Szasz, Principal Officer, Office of the  
Legal Counsel  
Mr. J. Burley, Office of the Director-General  
for Co-operation and International Economic  
Development  
Mr. J. P. Halbwachs, Budget Officer, Office  
of Financial Services  
Ms. I. Krishnamurti, Administrative Officer,  
Office of Financial Services  
UNIDO: Mr. H. Pichler, Head, Financial Services  
UNDP: Mr. P. Vinde, Assistant Administrator, Bureau  
for Finance and Administration  
Mr. M. D. Stafford, Director, Division of  
Finance  
Mr. N. Tal, Deputy Director, Division of Finance  
Mr. D. H. Jenkins, Principal Finance Officer,  
Division of Finance  
Mr. J. S. Svendsen, Chief, Inter-Agency  
Procurement Services Unit  
Mr. B. Garcia, Finance Officer, Division of  
Finance

UNHCR:	Mr. S. Finning, Head, Financial Services
UNRWA:	Mr. G. J. Lattuner, Comptroller
UNFPA:	Mr. S. Tomita, Chief, Administration and Finance Division
ITC (UNCTAD/GATT):	Mr. G. Pozza, Chief, Budget
ILO:	Mr. F. von Mutius, Assistant Director-General, Treasurer and Financial Comptroller
FAO:	Mr. J. D. Lincoln, Director, Financial Services Division Mr. D. C. McLean, Chief, Accounts Branch
UNESCO:	Mr. G. Saddler, Assistant Director-General for General Administration Mr. G. de Leiris, Comptroller
ICAO:	Mr. I. C. Bogg, Chief, Finance Branch Mr. C. Y. Cheong, Chief, Programme Budget
WHO:	Mr. W. Furth, Assistant Director-General Mr. A. Groenendijk, Director, Budget and Finance
IBRD:	Mr. V. Riley, Adviser, UN Operational Activities
ITU:	Mr. R. Prélaz, Chief, Finance Department
WMO:	Mr. A. Weber, Chief, Finance and Budget Division
IMO:	Mr. M. Landey, Director of Administration
WIPO:	Mr. T.A.J. Keefer, Director, Administrative Division
IAEA:	Mr. R. H. Schenk, Deputy Director, Budget and Finance Mr. R. Abel, Head, Accounting and Receivables Section

Other representatives

ICSC:

Mr. D. Smith, Executive Secretary

Mr. D. V. Davies, Pay Research Officer

Panel of External Auditors of  
the United Nations, the  
Specialized Agencies and the  
International Atomic Energy  
Agency:

Mr. E. Cifuentes, Executive Secretary

ICC:

Mr. W. A. Mackay, Director

FICSA:

Mr. F. Kirdar

Observers

OAS:

Mr. J. McCeney, Treasurer

OECD:

Mr. R. Stein, Deputy Director for Legal  
Affairs

CCAQ secretariat:

Mr. L. Samuelson, Assistant Secretary,  
Financial and Budgetary Questions



## ANNEX II

Agenda  
adopted by the Committee on 12 September 1983

<u>Item</u>	<u>Document</u>
1. Adoption of the agenda and of a programme of work	( ACC/1983/FB/40 ( ACC/1983/FB/CRP/1 ( ACC/1983/FB/CRP/4
2.. Programme and budget	
2.1 Effects of currency instability and inflation	-
2.2 Jointly-financed administrative activities	
2.2.1 International Civil Service Commission - Performance report on the programme budget for the biennium 1982-1983	ACC/1983/FB/24
2.2.2 International Civil Service Commission - Draft programme budget for the biennium 1984-1985	( ACC/1983/FB/25 ( ACC/1983/FB/25/Add.1
2.2.3 Advisory Committee for the Co-ordination of Information Systems - Proposed programme of work and budget for the biennium 1984-1985	( ACC/1983/FB/34 ( ACC/1983/FB/CRP/3
2.2.4 International Computing Centre - Budget estimates for 1984	ACC/1983/FB/26
3. Accounting and financial reporting	
3.1 Financial statements	ACC/1983/FB/23
3.2 Agency audit reports on UNDP funds	ACC/1983/FB/31
3.3 Agreements between the organizations and donors of trust funds and other special funds	( ACC/1983/FB/45 ( ACC/1983/FB/CRP/2 ( ACC/1983/FB/CRP/2/Add.1

4. Payment of salaries and allowances

4.1 Currency of salary payments

4.1.1 CCAQ country-wide exceptions to the standard formula ( ACC/1983/FB/44  
( ACC/1983/FB/46

4.1.2 Local-currency payments -

4.1.3 Conversion of currencies upon departure from field duty stations ACC/1983/FB/29

4.2 Reimbursement of income tax -

5. Cash management

5.1 Problems of cash flow and liquidity in the organizations of the United Nations system ACC/1983/FB/36

5.2 Deposit and investment arrangements -

6. General financial systems

6.1 Arrangements for official travel by air ACC/1983/FB/37

6.2 Insurance arrangements

6.2.1 Fellowship holders -

6.2.2 Compensation payments -

6.2.3 Cargo ACC/1983/FB/43

6.3 Inter-organization charges ACC/1983/FB/38

6.4 Use of central files of administrative data ACC/1983/FB/39

7. Other financial and budgetary questions

7.1 Financial regulations

7.1.1 Additional terms of reference governing external audit ( ACC/1983/FB/27  
( ACC/1983/FB/27/Add.1

7.1.2 Developments in UNDP ACC/1983/FB/32

- 7.2 Support costs
  - 7.2.1 Agency ex post facto reporting
    - ( ACC/1983/FB/33
    - ( ACC/1983/FB/41
  - 7.2.2 Activities financed by UNCDF and  
UNSO and projects executed  
directly by UNDP
    - ACC/1983/FB/33
  - 7.2.3 Activities financed by the United  
Nations Fund for Namibia
    - ( ACC/1983/FB/33
    - ( ACC/1983/FB/42
- 7.3 Harmonization of support procedures
  - ACC/1983/FB/35
- 7.4 Security measures
  - ACC/1983/FB/28
- 7.5 Proposal on establishment of field  
dispensaries
  - ACC/1983/FB/47
- 8. Organizational questions
  - 8.1 Work programme of the secretariat
    -
  - 8.2 Election of the Chairman and Vice-Chairman  
for 1984-1985
    -
  - 8.3 Time and place of the next session
    -

ANNEX III

CCAO country-wide exceptions to the standard formula  
for the currency of salary payments  
(list effective 1 November 1983)

<u>Country</u>	<u>Percentage payable in:</u>	
	(a) <u>Duty station</u> <u>currency</u> (minimum net monthly) %	(b) <u>Any single</u> <u>other currency</u> (maximum net monthly) %
Afghanistan	20	80
Algeria	30 <u>1/</u>	70
Angola	0	100
Cape Verde	10	90
Equatorial Guinea	10	90
Ethiopia	20	80
Ghana	20	80
Guinea	20	80
Guinea-Bissau	10	90
Israel	10	90
Lao People's Democratic Republic	0	100
Lebanon	10	90
Madagascar	20	80
Maldives	10	90
Mozambique	10 <u>2/</u>	90 <u>2/</u>
Sao Tome and Principe	10	90
Sudan	20	80
Uganda	0	100
Viet Nam	0	100
Windward and Leeward Islands <u>3/</u>	10	90
Zaire	10	90

1/ Of this, 30 per cent is payable in convertible dinars and  
70 per cent in non-convertible dinars.

2/ Change.

3/ Covers Antigua, Dominica, Grenada, Montserrat, St. Kitts-Nevis-Anguilla,  
St. Lucia and St. Vincent and the Grenadines.