

**Administrative Committee
on Co-ordination**

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21 March 1984**UN/SA COLLECTION**REPORT OF THE SIXTIETH SESSION OF THE
CONSULTATIVE COMMITTEE ON ADMINISTRATIVE QUESTIONS

(FINANCIAL AND BUDGETARY QUESTIONS)

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- I. List of participants
- II. Agenda adopted by the Committee on 12 March 1984
- 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 sixtieth session on financial and budgetary questions at the Headquarters of the United Nations Industrial Development Organization in Vienna, from 12 to 16 March 1984. Mr. G. F. Saddler (UNESCO) was Chairman and Mr. G. Pozza (ITC (UNCTAD/GATT)) 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 which it reached at its sixtieth session fell within the scope of the authority delegated to it by the Administrative Committee on Co-ordination. Accordingly, it believed that there was no need to bring any of those conclusions to the attention of ACC for final decision.

II. Discussions and decisions of the Committee

3. At the outset of the session, the Committee was addressed by a representative of the Executive Director of UNIDO, who welcomed it to UNIDO Headquarters. The Committee wishes to record its appreciation for the hospitality extended to it by UNIDO, and for the quality of the facilities and services 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 schedule of work for the session. 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 the standing CCAQ arrangements, the participants exchanged information on developments concerning the effects of currency instability and inflation in the organizations of the United Nations system, and the reflection of those factors in the budgets of the organizations.

6. The Committee endorsed the principle of a meeting of organizations having their headquarters or major offices in Geneva to consider, as they had done on past occasions, the rates of exchange and inflation to be assumed for Switzerland in proposed budgets for 1986 and 1986-1987. The meeting was to take place in Geneva in late August 1984. The Committee also welcomed a suggestion that similar meetings might be organized in Vienna to deal with the rates of exchange and inflation to be assumed for Austria.

Item 2.2.1 - Jointly-financed administrative activities: Budgetary performance in 1982-1983

7. The Committee took note of appropriation and expenditure figures showing, by object of expenditure, budgetary performance in 1982-1983 for the International Civil Service Commission, the Joint Inspection Unit and the secretariats of the Advisory Committee for the Co-ordination of Information Systems and CCAQ. It noted that final expenditure figures for the Commission would be circulated when available.

Item 2.2.2 - Jointly-financed administrative activities: Salary survey specialists for General Service salary surveys in non-headquarters duty stations

8. CCAQ(PER) had agreed at its sixtieth session to the establishment of a post for a salary specialist, together with a secretarial post and a provision for travel on official business, with a view to assisting the organizations in carrying out General Service salary surveys in the field. The Committee reviewed the proposals on this subject from the financial point of view, as requested by CCAQ(PER).

9. The representative of FICSA, having indicated that the Federation had opposed the proposals in CCAQ(PER), expressed the view that the assistance envisaged should be limited to places where local survey teams found it necessary. With this in view he suggested reducing the proposed provision for travel.

10. The Committee believed that it was important for salary surveys to be accurate and to reflect consistent principles and methods. The responsibility for ensuring that they met these criteria lay with the administrations. For a number of duty stations, administrations as well as local committees had requested the assistance of salary specialists. The new post was intended to supplement staff resources already available in some of the organizations, and thus to reduce delays in carrying out the surveys. For all of these reasons the Committee concurred with the proposals as accepted by CCAQ(PER).

Item 3.1 - Letters of representation

11. As agreed at its last session, the Committee returned to a proposal by the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency that the organizations should be prepared to provide their auditors with "letters of representation" giving assurances about factors affecting their accounts.

12. Two bodies of opinion emerged during the Committee's consideration of this proposal. Some participants observed that letters of representation, which limited the liability of auditors, were a development in line with recent trends in the auditing profession, and were one that had been approved by professional bodies. They represented no more than communications to auditors of information known to management. As such they posed no problems on the condition that they contained appropriate qualifying language, and they had the advantage of strengthening the position of management as a client for audit services.

13. The reservations voiced by other participants were based in part on the belief that the use of letters of representation might limit the responsibilities of external auditors and lead them to reduce the scope of their audits. The additional terms of reference governing external audit which formed an annex to the financial regulations of most organizations required external auditors to satisfy themselves about such matters as compliance with the financial regulations, the completeness of the accounts and other matters concerning which it had now been suggested that letters of representation might be used; it was questionable whether they were authorized for such purposes. Finally, it was thought that in the United Nations system the direct relationship of external auditors with governing bodies obviated the need for letters of representation.

14. The Committee concluded that the question of providing such letters was one for consideration by individual organizations.

15. Following a suggestion by one of the organizations, the Committee agreed that collective study might now usefully be given to the scope of work undertaken by external auditors outside the financial area. It decided to discuss this matter at its next session, on the basis of suitable documentation.

Item 3.2 - Reporting of expenditure data to central intergovernmental bodies

16. The Committee considered action to be taken in response to an observation by CCSQ(OPS), made at its second regular session of 1983, "that it would be useful if CCAQ could review financial and other reporting requirements and consult with CCSQ(OPS) thereon as and when appropriate". The participants recalled the history of CCAQ's involvement in this area, referring in particular to the Joint Working Party of CCSQ(OPS) and CCAQ(FB) on expenditure reporting which had met in December 1980 and to the follow-up action that had been envisaged on the Joint Working Party's findings. This action had been deferred in view of the uncertainty which had subsequently arisen about the future of the Inter-Organization Board for Information Systems and its Common

Register of Development Activities (CORE/1).

17. The Committee noted that the Advisory Committee for the Co-ordination of Information Systems envisaged a new register of development activities, and that a questionnaire concerning elements to be included in such a register was to be circulated shortly to all organizations. The participants in the session emphasized the importance that they attached to full involvement of financial officers in this matter, both within individual organizations and at the inter-organization level. They expressed concern about the potential cost of the undertaking, whose purpose, scope and benefits remained to be defined, and they hoped that the work done and the experience gained with CORE/1 would be taken into account.

18. Other expenditure reports to central intergovernmental bodies were the report of ACC on expenditures of the United Nations system in relation to programmes, the comprehensive policy review of operational activities of the United Nations system prepared by the Director-General of the United Nations for Development and International Economic Co-operation, the report of the Administrator of UNDP on technical co-operation activities financed from sources other than UNDP and the report of the Advisory Committee on Administrative and Budgetary Questions on administrative and budgetary co-ordination of the United Nations with the specialized agencies and the International Atomic Energy Agency. For any additional reports, such as the proposed register of development activities, the Committee believed that the likelihood that they would serve a useful purpose had to be evident before any costs were incurred for them on a system-wide basis. For all such reports, the collection of data should be simplified, harmonized and, as far as possible, consolidated. It would be preferable for expenditure reporting to be on a biennial basis, since several organizations were no longer in a position to provide annual accounting data.

19. Turning to expenditure reporting on individual activities, which also appeared to be referred to in the observation of CCSQ(OPS), the Committee noted that that body was scheduled to discuss questions relating to project documents and project reporting requirements at its forthcoming first regular session of 1984. The participants trusted that CCAQ(FB) would be consulted on any financial questions which might arise in the course of this discussion.

20. The Committee did not think that the time had come to convene a new working party on expenditure reporting, but wished to keep the possibility of so doing in mind for the future.

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

21. The Committee endorsed the action taken since its last session by the United Nations and UNDP, under the authority delegated to them, in respect of the proportion of remuneration payable to international staff in local currency in Ghana. A list of CCAQ country-wide exceptions to the standard formula for the currency of salary payments, adjusted to take account of this change, appears in annex III.

22. The Committee decided to consider the position in Guinea, Somalia and Uganda as soon as the necessary information was available.

Item 4.1.2 - Currency of salary payments: Review of arrangements

23. As requested at its last session, the Committee had before it a document setting out proposed terms of reference and draft background material for a working party that might be convened to study the existing arrangements for the currency of salary payments to international staff in detail. This material had recently been reviewed by CCAQ(PER), which among other things had agreed to the proposed terms of reference. CCAQ(PER) had also agreed that the Working Party should meet under the auspices of CCAQ(FB), on the understanding that participating organizations would be free to select representatives from their personnel, financial or other services as they saw fit and that all member organizations of CCAQ would be invited to attend.

24. The Committee concurred with the proposed terms of reference, subject to some amendments. As adjusted, the terms of reference read as follows:

CCAQ Working Party on the Currency of Salary Payments -
Terms of reference

- (a) The Working Party should examine the history, characteristics and functioning of the arrangements in effect in the United Nations system for the currency of salary payments to international staff serving under contracts of employment other than short-term contracts. It should also inform itself about relevant arrangements in effect for staff employed in the field by national governments and international organizations outside the common system.

- (b) The Working Party should study the various political, legal, personnel policy and financial policy questions concerning arrangements for the currency of salary payments, including questions relating to the post-adjustment system, the equality of treatment of staff, the impact on currency holdings in the system, the cost of administering payment arrangements and the effect of optimum utilization of local currencies on the ability of the system to respond to requests from governments for enhanced programme activities.
- (c) The Working Party should report its findings and recommendations to CCAQ(FB) at the Committee's sixty-first session.

It was agreed that the Working Party should meet in Geneva for the three working days (2, 3 and 4 July 1984) following the close of the thirty-first session of the Governing Council of UNDP.

25. The Committee thought that the Working Party should be able to refer to financial information that would permit it to ascertain the impact of salary-payment arrangements for international staff on holdings of local currencies in the United Nations system. It requested UNDP to draw up a list of currencies whose use might appropriately be considered by the Working Party for this purpose. In principle the list should exclude, in addition to convertible currencies and the currencies of Eastern European countries, all currencies in which UNDP's receipts in 1983 were equal or inferior to the 1983 operating costs of its field offices in the countries concerned, including salary payments. The list would be circulated for the comments of other organizations through the CCAQ secretariat. The Committee also requested UNDP to suggest the organizations (aside from the United Nations, UNIDO, UNHCR, ILO, FAO, UNESCO and WHO) which should be asked to report on their 1983 receipts and expenditures in the currencies selected, taking account of the volume of their field operations.

26. The Committee then asked its secretariat, on the basis of these data, to obtain, consolidate and circulate information on receipts and expenditures of local currencies in 1983. The information should cover all sources of funds and should represent reasonable orders of magnitude, expressed in US dollars. For each currency, separate figures should be reported for receipts from UNDP, from other organizations, from contributors, donors and other sources and from currency conversions. Separate figures should also be reported for each

currency for payments of the local-currency portion of Professional salaries and for all other payments, including General Service salaries. It would be for each reporting organization to determine, taking account of the characteristics of its financial systems, the methods to be adopted in producing its figures. Payments executed by UNDP on behalf of other organizations would be reported by the organizations concerned.

Item 4.2 - Reimbursement of income tax

27. The Committee recalled the discussions that it had held since March 1982 on the subject of tax-reimbursement agreements between the United States Government and organizations which had no tax-equalization funds. It recalled also that a draft model for a new agreement had been communicated to the United States authorities before its last session by the Chairman of the team appointed to conduct discussions with them on this subject.

28. The Committee now had before it a reply from the Deputy Assistant Secretary of State of the United States for International Organization Affairs. This reply noted that the organizations' draft and that which had been put forward by the Department of State in 1981 embodied fundamentally different approaches to the tax reimbursement problem, and expressed the view that the differences might prove difficult to resolve to the satisfaction of all parties.

29. The Deputy Assistant Secretary of State then observed that it might not be necessary to resolve many of the points at issue, since under current provisions for excluding overseas income from taxation few staff members of the organizations would be obliged to pay United States tax on their earned income. He suggested, however, that resolution of the tax-reimbursement question was worthy of further effort, if only to settle matters concerning organizations and persons not covered by the overseas income exclusion. He added that it might also be useful to discuss the question with a view to eliminating the administratively cumbersome tax-equalization funds of certain organizations and replacing them with bilateral tax-reimbursement agreements.

30. In the interests of opening new avenues for considering the issue, the Deputy Assistant Secretary of State drew attention to an agreement recently concluded by the United States with the Organization of American States, and suggested that some of the features of this agreement, notably those relating to methods of calculating tax reimbursement, might provide workable solutions meeting the policy goals of both parties. While recognizing the differences between the OAS and the organizations of the United Nations system, he believed that this new agreement was worthy of close study by CCAQ.

31. In considering this communication, together with the new tax-reimbursement agreement signed by the OAS, the Committee had the benefit of clarifications provided by the latter and of information concerning the position in the Organization for Economic Co-operation and Development and the North Atlantic Treaty Organization.

32. The Committee noted with considerable satisfaction that the new tax-reimbursement agreement between the United States Government and the OAS met many of the points that were of concern to the organizations of the United Nations system and had been mentioned in earlier discussions with and communications to the Department of State, in particular in the draft model agreement communicated to it on behalf of the organizations. These included in particular the provisions as to the refund of state, local and social security taxes, the reimbursement of certain administrative costs and the almost complete deletion of the reservation concerning the availability of funds. Also, as regards the procedural aspects of administering the reimbursement payments by the organizations and the corresponding refund payments by the United States, there appeared to be no great differences. Finally, the undertaking to assure the continued "qualification" of the OAS Retirement and Pension Plan, lest the tax obligations of officials and the corresponding reimbursement and refund payments be increased - a matter also of concern in connection with the United Nations Joint Staff Pension Fund - was considered to be a significant factor.

33. However, certain unsatisfactory elements of the new tax-reimbursement agreement were also noted. Principal among these was the requirement that all organizations apply the "first income" rule, rather than being free to choose whatever system they considered best met their requirements for the equitable treatment of their staffs. In this connection it was also observed that the basing of the reimbursement calculations on assumed rather than actual deductions and exemptions might lead to windfall profits to many officials, which would appear to place them in a more favourable position than other staff of United States nationality and their untaxed colleagues and could be considered as violating provisions of the organizations' regulations and rules which prohibited reimbursement payments in excess of income taxes paid or payable on income from the organizations. Finally, it was noted that there appeared to be a contradiction between the first preambular paragraph, indicating that the United States intended to assume the sole responsibility for funding reimbursement payments, and the restrictions in paragraph 7, concerning staff paid from voluntary funds.

34. As a consequence, it appeared to the Committee that the tax-reimbursement agreement between the United States Government and the OAS did not constitute a fully adequate model for the agreement to be concluded between the United States Government and certain organizations of the United Nations system. Nevertheless, it seemed to the Committee to present a promising basis for initiating further discussions, and the Committee hoped that that such could be arranged at an early date, bearing in mind that ACC remained greatly interested in this question.

35. The Committee then turned to the suggestion that consideration should be given to replacing, for those organizations which now had tax-equalization funds, these funds by tax-reimbursement agreements such as those to be negotiated with the other organizations of the United Nations system. Although the Deputy Assistant Secretary of State had characterized these funds as administratively cumbersome, in practice they had been no more so than any other tax-reimbursement arrangements. Moreover, they dispensed with the difficulties of each organization in negotiating and administering separate tax-reimbursement agreements with each country which taxed some of its officials; such separate agreements would have to differ significantly because of the different taxation schemes of those countries and would thus undoubtedly lead to different results for officials of different nationalities. In any event, since tax-equalization funds were anchored in the staff and financial regulations of the organizations concerned or had been otherwise established by the competent governing bodies, their abrogation would require a decision of those governing bodies.

36. The Committee requested the Chairman of the discussion team to take account of the above observations in his reply to the Deputy Assistant Secretary of State.

Item 5.1 - Problems of cash flow and liquidity

37. The Committee noted measures taken by the Conference of FAO at its session in November 1983 to mitigate the effect of delayed receipts of assessed contributions on the Organization's cash flow. Under these measures the cash surplus for 1982-1983 was to be distributed only under conditions which introduced an element of incentive for prompt payment.

38. Several participants pointed out that their organization's collection of assessed contributions so far in 1984 had lagged behind the pace of previous years. The Committee recalled in this connection that it had asked to receive updated tables in September 1984 giving information on the collection of assessed and voluntary contributions, and it agreed to revert to the problem

of delays in payment at that time.

Item 5.2 - Deposit and investment arrangements

39. The Committee held an exchange of information and views on deposit and investment arrangements. It noted in particular that a facility was available at the Federal Reserve Bank of New York which permitted, under arrangements made in advance, the immediate investment of assessed contributions received. In view of time differences, this arrangement could make it possible to avoid losses of interest, particularly for payments received just before a weekend or a public holiday.

Item 6.1 - Collection of payments due under trust funds

40. Further to a suggestion by the World Bank, the Committee agreed to return at its next session to the arrangements under which trust-fund and cost-sharing projects are financed under loans from the Bank and credits from the International Development Association. For the purpose of the discussion at that time it requested its secretariat to circulate a document prepared on the basis of information and material to be obtained from the Bank and other organizations.

41. The Committee expressed appreciation for an offer by the Bank to repeat a seminar held in February 1983 on contracts between organizations of the United Nations system and Bank borrowers.

Item 6.2 - Arrangements for official travel

42. As agreed at the last session, the Committee had before it a report submitted by the Inter-Agency Procurement Services Unit on possibilities of reducing the cost of air travel in the United Nations system. The participants reviewed various matters related to this subject, including measures already taken by or available to individual organizations for securing reductions in fares, possible avenues towards obtaining tickets at a discount and the potential effects of this procedure on arrangements with travel agents.

43. It seemed to the Committee that the most promising approach to obtaining discounts would be a collective one and that it might consist in issuing invitations to tender to various airlines for tickets to be used on routes frequented by passengers whose fares were met by the organizations. The Committee suggested that IAPSU should pursue this approach after having consulted the organizations about routes used and numbers of passengers. It was also

suggested that IAPSU should explore the possibility of obtaining student reductions for travel by fellows. In the course of its work IAPSU might wish to bring together officials directly concerned with travel bookings in the organizations.

44. The Committee then reverted to the question of standards of accommodation for travel by air, which it had considered on several past occasions. After an exchange of information on the practices currently followed by the organizations in this regard, it was agreed that IAPSU's invitations to tender would need to refer both to economy and to business class.

45. The representative of FICSA indicated that the Federation's Council had adopted recommendations to the following effect at its last session:

- There should be no obligation for staff members to use official travel agents, and the organizations should not enter into contracts requiring them to do so.
- All organizations should authorize the use of package tours.
- The standard of accommodation should be business class for all official travel of over six hours' duration, measured from scheduled departure time to scheduled arrival time at the final destination.

The Committee did not enter into extensive discussion of these recommendations. It considered that they were addressed to questions within the purview of individual organizations.

Item 6.3.1 - Insurance arrangements: Cargo

46. Also as agreed at the last session, the Committee was seized of a report from IAPSU on a proposed global cargo insurance scheme for the United Nations system. The report set out the results of continued negotiations with a company which had already submitted a particularly favourable offer. The rates now quoted were extremely low but were conditional upon adherence to the scheme by a large majority of the organizations.

47. After discussing various aspects of the new offer, the participants agreed that the report called for further study in the organizations. It was suggested that IAPSU, after contacting them directly for such information as it required, should refer the subject to the Inter-Agency Procurement Working Group at its next session.

Item 6.3.2 - Insurance arrangements: Compensation payments

48. IAPSU had further submitted a report on a proposed global group insurance scheme to cover compensation payments in the event of service-incurred injury, illness and death of experts and consultants of the United Nations system. UNDP recalled that it had proposed this subject for study by the Committee. It was seeking means of covering liabilities for compensation payments in respect of field staff financed by it.

49. Noting that the question of a common insurance scheme remained open, the participants exchanged information on the arrangements currently in effect in the organizations to cover compensation payments in respect of UNDP-financed field staff. These arrangements varied widely, and some organizations did not envisage a change.

50. However, the Committee recognized UNDP's problem in covering its liability. It suggested that, once UNDP had obtained all necessary information from the organizations, it should return with further proposals for dealing with the problem as it related to UNDP-financed staff.

Item 6.4 - Inter-organization charges

51. In March 1983 the Committee had decided to return in a year's time to experience under UNDP's instructions concerning services provided by its field offices to other bodies in the United Nations system, issued on the basis of decision 82/33 of the Governing Council.

52. It appeared to the Committee that the experience had been satisfactory in most cases. However, a problem had arisen in one country. Here it had been proposed that organizations should meet substantial costs for continuing administrative services in respect of trust-fund projects from support-cost receipts, since the Government had declined to contribute to the costs.

53. UNDP explained that in the country concerned, where trust-fund programmes were considerably larger than those financed under the IPF, a staffing survey had resulted in the need to reduce the UNDP administrative budget. Negotiations with the Government, which had had a favourable outcome elsewhere, had proved unsuccessful in this case. Although decision 82/33 authorized the Administrator to continue to provide existing levels of service without charge, that authorization had been predicated upon the level of administrative resources budgeted for in the biennium 1982-1983.

54. Other organizations, while acknowledging these problems, regretted that they had not been informed of the situation, given their interest in the matter and the possibility that they could have been of assistance in the negotiations. They attached importance to the role of UNDP field offices in providing services and co-ordination to the United Nations system's technical co-operation activities as a whole, and had expected such services and co-ordination to continue to be provided without charge when they had agreed to the present 13 per cent rate of reimbursement for support costs incurred. They considered that the costs referred to in paragraph 52 above should be borne by UNDP.

55. It was suggested that the various possibilities of dealing with the problem should be placed before the Governing Council at its next session. The organizations agreed to be guided by the Council's decision.

Item 6.5 - Use of central files of administrative data

56. In view of its interest in arrangements which would permit organizations to have access through computer links to central files of administrative data, the Committee had agreed at its last session that 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 the present session. The files to 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 daily subsistence allowance data.

57. In explaining the work done since then, the Director of the International Computing Centre situated it in the framework of the general development of computer links within the United Nations family. The system was intended for use on different types of terminals and networks and could be translated into different formats according to the needs of individual users. Arrangements would be made to ensure that updates were incorporated rapidly.

58. The participants in the session put forward a number of questions concerning the possibility, means and cost of having access to the system and a feasible timetable for the incorporation of further files of data. It was noted that the ICSC file for rates of daily subsistence allowance was expected to be computerized in the summer of 1984. Subject to the provision of additional resources, the ICSC secretariat indicated that its files for

post-adjustment classifications, rental subsidies and thresholds and duty stations classified according to conditions of life and work could be computerized at the beginning of 1985.

59. It appeared to the Committee that, as subsequently demonstrated, the system would need adaptation to meet organizations' operating needs, and that the primary users should be closely associated with further development work. With this in view, the United Nations, UNDP and UNFPA undertook to be in touch with the ICSC secretariat and the ILO and WHO with ICC. Having approved these arrangements, the Committee agreed to return at its next session to the question of adding items to the common base of administrative data and to the matter of resource requirements.

Item 7.1 - Financial regulations: Review of amendments

60. In accordance with the standing arrangements, the Committee reviewed amendments to organizations' financial regulations which had been approved or proposed since the last reports of the organizations concerned. It was not apprised of any amendments to other basic documents.

61. UNDP indicated that it intended to circulate, for comments by the organizations, a proposed text for several financial rules stemming from its revised Financial Regulations. Other organizations expressed the view that the proposed text could most conveniently be considered by the organizations if it was placed before the Committee at its next session. UNDP agreed to consider this procedure.

Item 7.2.1 - Support costs: Agency ex post facto reporting

62. The Committee reviewed questions which had arisen in the course of organizations' preparation of their contributions to the ex post facto report on support costs which was to be submitted to the Governing Council of UNDP at its thirty-first session. UNDP emphasized its need to receive the contributions by 1 April 1984 in order to produce the report in good time.

Item 7.2.2 - Support costs: Level of reimbursement

63. The Committee considered a request made to organizations by UNDP (in a letter of 9 January 1984 from the Associate Administrator) that they should waive support costs for activities financed from the remaining balance of the United Nations Emergency Operation Trust Fund. In support of this request UNDP had mentioned the waiver granted by the organizations before the liquidation of the Fund, the wishes expressed by governments and the willingness already manifested by one of the organizations. For the part of the remaining

balance which was being channelled through it, UNDP did not exclude the payment of any additional out-of-pocket expenses which might be incurred in executing projects financed from the Fund.

64. The organization mentioned in UNDP's letter as being willing to waive support costs in this instance explained the background of its interest in emergency activities and the arrangements under which necessary resources were already available to it. Another organization indicated that it was prepared to entertain waivers of support costs when a project or group of projects merited such treatment.

65. Other organizations emphasized that they opposed any departure from the normal 13 per cent rate of reimbursement for support costs incurred. They did not consider that the type of activities now to be financed by UNDP under its Trust Fund for Countries Afflicted by Famine and Malnutrition warranted an exception. They also opposed the substitution for normal support costs of such new and undefined arrangements as "out-of-pocket" expenses, which were likely to result in different proportions of reimbursement for support costs. They accordingly did not find themselves in a position to accede to UNDP's request.

66. UNDP reiterated its position that there were special circumstances, reflected in the wishes of governments, in respect of the activities covered by the Trust Fund for Countries Afflicted by Famine and Malnutrition.

67. In connection with its discussion of support costs, the Committee was informed that CCSQ(OPS), at its forthcoming first regular session of 1984, was scheduled to discuss further strengthening of the technical backstopping of operational activities. The Committee trusted that CCSQ(OPS) would refer to it any financial questions which might arise in this context.

Item 7.3 - Security measures

68. According to the agreed arrangements, the Committee had before it a note by the United Nations accounting for expenditures of \$106,823 in connection with inter-organization security measures in 1983. This information was noted.

69. The representative of FICSA said that the staff attached importance to security measures and regretted that the full amount of \$300,000 authorized for them had not been spent during the biennium. Members of the Committee replied that the inter-organization arrangement was essentially for emergencies and that individual organizations also spent their own resources for security purposes. The level of expenditures from authorized inter-organization security

funds was no indication of the administrations' concern about providing adequate security for staff where conditions so required.

Item 7.4 - Operational exchange rates

70. At the request of the United Nations, the Committee considered matters relating to the establishment of operational rates of exchange, with special reference to the frequency of changes in the rates. It agreed that there would be merit in clarifying the procedures followed and requested its secretariat to collect information on this subject, consulting the organizations concerned for headquarters countries and UNDP for other countries. The information was to be submitted at the next session with suggested guidelines.

Item 7.5 - Action by CCAQ(PER)

71. The participants were informed of action taken at the sixtieth session of CCAQ(PER) which was also of interest to CCAQ(FB).

Item 8.1 - Organization of the secretariat

72. The participants noted that CCAQ(PER) had recommended extension of the term of office of the Secretary of CCAQ until 30 September 1987. They concurred in extension of the secondment to CCAQ of the Assistant Secretary for Financial and Budgetary Questions for a further period of two years.

Item 8.2 - Work programme of the secretariat

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

- Programme and budget: Work in connection with Geneva meeting on rates of exchange and inflation to be assumed for Switzerland;
- Accounting and financial reporting: Assembling of material on scope of work of external auditors; preparation of the 1984 report of ACC on expenditures of the United Nations system in relation to programmes;
- Payment of salaries and allowances: Work in connection with the CCAQ Working Party on the Currency of Salary Payments, including the collection and consolidation of data on local-currency balances;

- Cash management: Updating of CCAQ tables on the collection of assessed and voluntary contributions;
- General financial systems: Assembling of material on arrangements for financing costs of projects from Bank loans and IDA credits; pursuit of progress in consultation with organizations associated with development of arrangements for access to central files of administrative data;
- Other financial and budgetary questions: Assembling of material on operational exchange rates; work in connection with the next session.

Item 8.3 - Time and place of the next session

74. The Committee agreed that its next regular session should be held from 10 to 13 September 1984, in New York. It accepted with appreciation the offer of the United Nations to act as its host.

ANNEX I

List of participants

Chairman: Mr. G. F. Saddler
Vice-Chairman: Mr. G. Pozza
Secretary: Mr. L. Samuelson

Representatives of member organizations:

United Nations: Mr. R. Foran, Assistant Secretary-General, Office
of Financial Services
Mr. E. H. Gregory, Chief, Financial Management and
Control Systems Unit, Office of Financial Services
Mr. P. Szasz, Principal Officer, Office of the
Legal Counsel
UNIDO: Mr. H. Pichler, Head, Financial Service
Mr. A. Vassiliev, Director, Division of
Industrial Operations
Mr. N. N. Tandon, Head, Programme and Development
Branch
UNDP: Mr. M. D. Stafford, Director of Finance
Mr. J. S. Svendsen, Chief, Inter-Agency
Procurement Services Unit
UNHCR: Mr. S. Finning, Head, Financial Services
UNRWA: Mr. G. J. Latturner, 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. D. K. Crowther, Assistant Director-General,
Administration and Finance Department
Mr. J. D. Lincoln, Director, Financial Services
Division
Mr. D. C. McLean, Chief, Accounts Branch

UNESCO:

Mr. G. F. Saddler, Assistant Director-General
for Administration

Mr. G. de Leiris, Comptroller

Mr. K. Vasak, Legal Adviser

ICAO:

Mr. I. C. Bogg, Chief, Finance Branch

Mr. C. Y. Cheong, Chief, Programme Budget

WHO:

Mr. W. W. Furth, Assistant Director-General

Mr. A. Groenendijk, Director, Budget and Finance

IBRD:

Mr. P. Chatenay, Representative in Geneva

WMO:

Mr. T. C. Joel, Accountant

IMO:

Mr. K. Stangeland, Head, Finance Section

WIPO:

Mr. T.A.J. Keefer, Director, Administrative
Division

IFAD:

Mr. D. Saldanha, Controller

IAEA:

Mr. B. Bechetoille, Director, Budget and Finance

Mr. R. H. Schenk, Deputy Director, Budget and
Finance

Mr. R. Abel, Head, Accounting and Receivables
Section

Other representatives:

ICC:

Mr. W. A. Mackay, Director

FICSA:

Mr. B. Cross, Chairman, Staff Council, IAEA

Mr. H. Weiser, Treasurer, Staff Union, UNIDO

Ms. B. Fleischmann, Administrative Assistant,
UNIDO

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 March 1984

	<u>Document</u>
1. Adoption of the agenda and of a programme of work	(ACC/1984/FB/1 (ACC/1984/FB/1/Add.1
2. Programme and budget	
2.1 Effects of currency instability and inflation	-
2.2 Jointly-financed administrative activities	
2.2.1 Budgetary performance in 1982-1983	ACC/1984/FB/10
2.2.3 Salary survey specialists for General Service salary surveys in non-headquarters duty stations	ACC/1984/FB/16
3. Accounting and financial reporting	
3.1 Letters of representation	ACC/1984/FB/2
3.2 Reporting of expenditure data to central intergovernmental bodies	(ACC/1984/FB/4 (ACC/1984/FB/4/Corr.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/1984/FB/11
4.1.2 Review of arrangements	(ACC/1984/PER and FB/5 (ACC/1984/PER and FB/5/Corr
4.2 Reimbursement of income tax	ACC/1984/FB/9
5. Cash management	
5.1 Problems of cash flow and liquidity	ACC/1984/FB/7
5.2 Deposit and investment arrangements	-

- 6. General financial systems
 - 6.1 Collection of payments due under trust funds -
 - 6.2 Arrangements for official travel ACC/1984/FB/13
 - 6.3 Insurance arrangements
 - 6.3.1 Cargo ACC/1984/FB/12
 - 6.3.2 Compensation payments (ACC/1984/FB/8
(ACC/1984/FB/8/Corr.1
 - 6.4 Inter-organization charges -
 - 6.5 Use of central files of administrative data ACC/1984/FB/3
- 7. Other financial and budgetary questions
 - 7.1 Financial regulations: Review of amendments (ACC/1984/FB/14
(ACC/1984/FB/14/Add.1
 - 7.2 Support costs
 - 7.2.1 Agency ex post facto reporting -
 - 7.2.2 Level of reimbursement ACC/1984/FB/6
 - 7.3 Security measures ACC/1984/FB/15
 - 7.4 Operational exchange rates -
 - 7.5 Action by CCAQ(PER) -
- 8. Organizational questions
 - 8.1 Organization of the secretariat -
 - 8.2 Work programme of the secretariat -
 - 8.3 Time and place of the next session -
- 9. Adoption of the report of the session (ACC/1984/FB/CRP.1
(ACC/1984/FB/CRP.2

ANNEX III

CCAQ country-wide exceptions to the standard formula
for the currency of salary payments

<u>Country</u>	<u>Percentage payable in:</u>		<u>Effective date</u> <u>a/</u>
	(a) <u>Duty station</u> <u>currency</u> (minimum net monthly) %	(b) <u>Any single other</u> <u>currency</u> (maximum net monthly) %	
Afghanistan	20	80	1 October 1982
Algeria	30 <u>b/</u>	70	1 August 1981
Angola	0	100	1 October 1980
Cape Verde	10	90	1 October 1980
Equatorial Guinea	10	90	1 October 1980
Ethiopia	20	80	1 April 1982
Ghana	10	90	1 December 1983
Guinea	20	80	1 October 1980
Guinea-Bissau	10	90	1 October 1980
Israel	10	90	1 October 1982
Lao People's Democratic Republic	0	100	1 October 1980
Lebanon	10	90	1 October 1980
Madagascar	20	80	1 October 1982
Maldives	10	90	1 October 1980
Mozambique	10	90	1 November 1983
Sao Tome and Principe	10	90	1 October 1980
Sudan	20	80	1 October 1980
Uganda	0	100	1 August 1981
Viet Nam	0	100	1 August 1981
Windward and Leeward Islands <u>c/</u>	10	90	1 October 1980
Zaire	10	90	1 October 1980

a/ Where 1 October 1980 appears in this column, the percentage distribution is one put forward by the United Nations and UNDP at the request of CCAQ, or one agreed separately by CCAQ, in connection with the introduction of the present arrangements for the currency of salary payments. (In many of these cases the distribution of 1980 continued, on the basis of the new formula, exceptions approved at earlier dates.) In a few cases the date shown is approximate, since no effective date was specified at the time of a change in the percentage distribution.

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

c/ Covers Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Christopher and Nevis, St. Lucia and St. Vincent and the Grenadines.

January 1984	New York	<u>Ad Hoc</u> Task Force on the International Conference on Population, third meeting
February 1984	New York	<u>Ad hoc</u> inter-agency meeting on the cross-organizational programme analysis on human settlements
8-9 March 1984	to be determined	Inter-agency meeting on preparations for the World Conference to Review and Appraise the Achievement of the United Nations Decade for Women, 1985

P. MATTERS ARISING FROM THE ACC TASK FORCE ON LONG-TERM
DEVELOPMENT OBJECTIVES

16. The ACC Task Force on Long-Term Development Objectives met at United Nations Headquarters, New York, from 10 to 12 October 1983, to consider the matter of the review and appraisal of the implementation of the International Development Strategy for the Third United Nations Development Decade. The report of the Task Force will be before the Organizational Committee as Conference Room Paper 9. The Organizational Committee may wish to decide to include this matter in the agenda of ACC at its second regular session of 1983.
