



**Chief Executives Board
for Coordination**

CEB/2018/HLCM/FB/8
26 February 2019

32nd Meeting of the CEB Finance and Budget Network
4 December 2018, Videoconference

**CONCLUSIONS OF THE 32nd MEETING
OF THE FINANCE AND BUDGET NETWORK**

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I. Introduction

1. The Finance and Budget Network (FBN) held its 32nd session on 4th December 2018 via videoconference. The meeting was co-chaired by Mr. Darshak Shah, Deputy Assistant Administrator and Chief Finance Officer, UNDP and Ms. Chitra Narayanaswamy, Director (Controller), Department of Program Planning and Finance, WIPO. The agenda is available in document CEB/2018/HLCM/FB/7/Rev.2.
2. All documents related to the session are available on the FBN website at <https://www.unsceb.org/content/december-2018>.

II. HLCM cross-functional Task Force on Risk Management

Presenter: Ms. Chitra Narayanaswamy, FBN Co-Chair and Director (Controller), Department of Program Planning and Finance, WIPO

Documentation:

- ✓ *CEB/2018/HLCM/15 Terms of Reference the group on HLCM cross-functional engagement on risk management*

Background:

3. At its 36th session in October 2018, HLCM endorsed the proposed Terms of Reference for a Cross-functional Taskforce on risk management, an initiative aimed to improve the overall harmony of risk management processes and practices in the UN system. The Committee agreed there would be great value in having a consistent framework across the UN system, while recognising that a ‘one-size fits all’ approach will not be appropriate. In a two-phase implementation, the Task Force will first agree on a maturity model, designed to be used as both an implementation roadmap and a benchmarking tool. The second phase will involve collaborating to develop guidance on how a UN system organization may approach the establishment of key organizational risk management approaches, covering best practices for establishing risk appetite, embedding risk management, integrating with internal control management and establishing an organizational structure that supports robust risk assurance. The Task Force is jointly led by WIPO and WFP.

Discussion:

4. WIPO, as Co-Chair of the Task Force, introduced the discussion with an overview of the recent risk management discussions at HLCM and provided an outline of the ToR of the new Cross-Functional Task Force on Risk Management. It was emphasized that the intention is to work towards a simple, practical maturity model and common framework that can be helpful to agencies at whatever stage in the risk management journey they are. WFP, as the other Co-Chair of the Task Force, talked about integrating not just finance and budget but performance and risk, noting that donors are expecting UN organizations to take common approaches to risk management

5. With respect to incorporation of risk analysis into the budgeting process of UN system organizations, as mentioned in the Task Force ToR, it was clarified that this relates to the need for advanced thinking about risks that have the potential to affect delivery of results, and bringing these risks into the planning and budgeting process.
6. Some organizations shared updates of progress in their approaches to risk management, and it was suggested that one of the organizations that is advancing the implementation of a risk management model could share the work that they are doing at the next FBN face to face meeting.
7. During the discussion, FBN members emphasized that two of most important and challenging aspects of the work will be defining risk appetite and risk tolerance, and it was noted risk appetite and risk tolerance will feature prominently in phase 2 of the work of the Task Force. It was also proposed that it would be helpful to benchmark all agencies, so that agencies can learn from those who are more advanced with respect to risk management practices, and also to create a catalogue of lessons learned from the risk models that organizations have implemented.
8. It was noted that the JIU is planning to do a review of risk management practices in the UN, and that this would be a good opportunity to link the work of the Task Force to the JIU report.
9. It was clarified that this Task Force is the chapeau under which all work on risk management by HLCM and its networks will take place. FBN members noted the importance of having cross functional representation in the Task Force. The Co-Chair noted that the HLCM Procurement and HR Networks have been invited to participate, and that UN-RIAS will also be invited to contribute.

Conclusions:

10. The FBN took note of the planned work of the Task Force and proposed that a session of the upcoming FBN meeting could be dedicated to risk management, with a possible presentation from an organization on its risk management model.

III. Innovation of Financial Management in the UN system – Follow up from the Future of Finance conference

Presenter: Mr Hans Baritt, Controller and Director, Division of Financial and Administrative Management UNHCR;

Documentation:

- ✓ *Powerpoint presentations from keynote speakers of the Future of Finance Conference*

Background:

11. The Secretary-General has highlighted the need for the UN to embrace innovation and new technologies to help achieve the SDGs. The CEB at its second regular session of 2017 provided HLCM with a broad and direct ‘mandate’ on innovation referring to the improvement of business practices, a core area of the Committee’s work: “Efforts to boost

the internal application of frontier technologies could include initiatives led by the Secretary-General on mainstreaming innovation to improve business practices and active engagement with a system-wide innovation network, through the High-Level Committee on Management and High-Level Committee on Programmes.” CEB at its first and second regular sessions in 2018 discussed the promotion of innovation in the UN system and the Chair of the Board called on the UN system to systematically integrate and mainstream innovation within and across its entities.

12. Following from the FBN’s discussion on innovation at the June 2018 meeting, where the Network recognized the need for UN organizations to collectively look at how innovation and automation can improve the way the UN system works in the area of finance, a conference on “The Future of Finance” was arranged, taking place on 26 November 2018.

Discussion:

13. UNHCR provided an overview of the conference, which brought together five keynote speakers with diverse backgrounds and experience, to offer some insights into innovative advances being achieved in the area of finance, and provide inspiration for some opportunities for further innovation within financial management functions in the UN system. A summary of the key points from each of the speakers was provided.

14. The FBN congratulated UNHCR for leading the initiative on the conference, with many expressing that it had provided a valuable opportunity to learn from high caliber speakers. It was agreed that this conference was a good starting point to spark discussion and raise awareness, and that the FBN needs to find ways to keep this discussion moving forward as a group.

15. It was noted that a number of UN organizations have funds set aside and RFPs planned or in place for technological solutions such as Robotic Process Automation, and that it would be critical for the FBN to coordinate over the course of the next six months to ensure that organizations do not duplicate efforts or build structures that will prevent organizations from working together effectively in the future. It was proposed that the FBN could look into establishing a central repository or platform to exchange information on innovative initiatives ongoing or planned, and new technologies being acquired, including procurement actions that could potentially be shared.

16. The FBN noted that the need to link with shared service providers, as well as the Digital Technology Network, in discussions on innovation, and that it would also be important to bring these different elements together when rethinking the scope of ERPs.

17. In terms of processes that could benefit from innovative technologies or process transformation, it was discussed that even simple process changes can bring value. Some key questions to be considered were raised, including what pieces of processes are common across UN organizations and which are agency specific; what pieces of processes could UN organizations jointly invest in or coordinate; how to plan and manage in such a period of change and uncertainty; how to evaluate existing IT projects; and how to manage uncertainty about the staff profiles that will be needed for finance functions in the future.

18. Suggested options to be considered in future discussions included:

- 1) Traditional process improvement
- 2) Process improvement and automation within house
- 3) Partial outsourcing (not necessarily outside the UN system)
- 4) Outsourcing and asking the outsource provider to innovate

Conclusions:

19. FBN members agreed to continue the discussion on innovation with a follow up session at the next face to face meeting to try to identify some concrete deliverables, such as guiding principles and specific solutions for FBN members to opt into. It was also agreed that the CEB Secretariat would, in the interim, start to create a central repository of innovative initiatives ongoing or planned, including new technologies being acquired and procurement actions.

IV. Task Force on Accounting Standards (TFAS) –Update on IPSAS 23 discussions

Presenters: Ms Nutan Wozencroft, Vice-Chair of the TFAS and Ms. Helen Hall, Chief Financial Performance Management and Reporting, UNDP

Documentation:

- ✓ *TFAS progress report*

Background:

20. A progress report was provided to the FBN in advance of the meeting, outlining the recent developments that have occurred within the TFAS, including the change in leadership, the outcome of the TFAS meeting in October 2018, participation in IPSAS Board meetings, and the activities of the Working Group on Revenue.

Discussion:

21. The Vice-Chair of the TFAS, together with a Task Force representative from UNDP, provided an update on the recent discussions and agreements within the TFAS on IPSAS 23 Revenue from non-exchange transactions, noting that a Working Group on Revenue has been established to work until October 2019. The overview included reflections on IPSAS Board activities with respect to the issue of revenue recognition. An Exposure Draft on a revised IPSAS 23 is expected late in the summer of 2019, with the revised standard not expected to be applied until 2021, and the TFAS is working to influence the IPSASB over the next 3-6 months prior to the release of the Exposure Draft.

22. The FBN noted that a strong interest remains from the Panel of External Auditors as to how the FBN member organizations are dealing with the IPSAS standards. It was discussed that it would be important to collectively try to agree with external auditors to retain existing revenue recognition policies within each organization until the revised IPSAS 23 is issued, noting the costs of changes to systems to accommodate changes in policies.

23. It was agreed that efforts being invested towards better harmonization across the UN system with respect to IPSAS implementation will improve the value to the readers of the financial statements, and the FBN welcomed continued engagement with the IPSAS Board.

Conclusions:

24. The FBN took note of the recent developments from IPSAS 23 discussions, and agreed to invite the IPSAS Board Chair to the next face to face meeting of the FBN, to continue to advocate for consideration of the needs of the UN system in the Exposure Draft for the revised IPSAS 23.

V. Data standards for system-wide financial reporting - “The UN’s future data cube”

Presenters: Ms. Henriette Keijzers, UN Multi Partner Trust Fund Office and Mr. Remo Lalli, Secretary, High Level Committee on Management and Chief, CEB Secretariat Geneva

Documentation:

- ✓ *CEB/2018/HLCM/16 - Ad-hoc UN team on “The UN’s future data cube” – Draft data standards for UN-system wide reporting of financial data*
- ✓ *Copy of powerpoint presentation to final meeting of Ad-hoc UN team on the Roadmap for implementation of the standards*

Background:

25. HLCM welcomed and approved six new data standards for system-wide financial reporting at its 36th session in October 2018, noting that the new standards will be a valuable tool for informed decision-making at all managerial levels. These data standards were developed through a joint initiative of HLCM and the United Nations Sustainable Development Group (UNSDG), and prepared by an inter-agency working group, the ad-hoc team on the UN’s future data cube. The standards were presented to the FB Network and the UNSDG Strategic Financing Results Group for review and endorsement, before final approval by the HLCM and UNSDG in October and November 2018, respectively.

26. The standards will be effective as of 1 January 2019, some with a transitional period:
- UN entity - Prescribes which UN entities should report their financial data in future UN system-wide data collection exercises, including the annual CEB collection of financial statistics.
 - UN system function - Provides definitions for functions carried out by UN System entities, to facilitate consistent reporting by entities of expenses against the four main functional areas of the UN
 - Geographic location - Defines the geographical locations (global, regions and countries) under which financial information should be reported, as well as provides guidance for the allocation of expenses to these locations.
 - UN financing instruments - Provides definitions for the grant instruments and the various modalities in which funds are received by UN system entities
 - SDGs - Introduces a common UN methodology and format for tracking the contribution of UN activities to the 2030 Agenda for Sustainable Development and defines the

manner in which UN financial information should be reported against the 17 Sustainable Development Goals (SDGs) and the 169 SDG targets

- Contributor - Provides guidance on reporting revenue received by contributor

Discussion:

27. The Co-Chairs of the Data cube Ad-hoc Team provided an update on the work of the Team, noting that the first phase of the initiative, which included mapping of existing financial data and reporting approaches, identifying gaps and formulating six data standards for reporting of UN system-wide financial information, was completed with HLCM and UNSDG approval of the six data standards in October/November 2018. The second and final phase of the project is now nearing completion, including the development of a multi-year roadmap to implement the approved standards. The Co-Chairs thanked the FBN for their contribution to the work and the support in finalizing the standards.

28. The presentation included highlights of the results of the survey that was conducted within the FBN to prepare the roadmap for implementation of the data standards. The survey results highlighted the need for more consistency on financial reporting by the UN system in order to obtain timely, reliable, verifiable and comparable data; enhanced systems to comply with data standards; and more efficient means to obtain valuable consolidated system-wide financial information. An overview was also provided of the next steps to be taken to finalize and implement the roadmap.

29. During the discussion, the FBN acknowledged the extensive work done by all contributors, which was a very collaborative effort. It was noted that efforts should be focused on achieving the minimum requirements prescribed in the standards, before considering future phases such as collectively looking at improvements in UN system reporting of data to IATI. It was agreed that there will be a need for monitoring of the data, reviewing the quality and assessing what worked well and where improvements may need to be made.

30. It was confirmed by the Team Co-Chairs that the standards will be incorporated into the CEB annual financial statistics collection as of 2019, and that some workshops are being proposed for April 2019 to provide training and guidance on the data standards and the adjusted CEB statistics exercise. The FBN agreed to work closely with the CEB Secretariat on the implementation of, and monitoring compliance with, the standards, noting that the exceptional commitment of the focal points within each organization involved in the development and or review of the standards should continue.

Conclusions:

31. The FBN will review the experience of implementation of the new data standards at the July 2019 face to face meeting, and identify areas of work that the FBN may need to carry forward.

VI. Any other business

- a) Presentation to the meeting of the Technical Group of the Panel of External Auditors and to the UN System Oversight Committees**

32. The FBN Co-Chairs were invited to participate in the meeting of the Technical Group of the Panel of External Auditors in November 2018, and an overview was provided of the discussion that took place, including the HLCM structure, major working groups of the FBN, and the priorities and activities of the FBN including ASHI, data cube standards, risk management and innovation. The main areas of interest for the Technical Group included the FBN workplan, issues related to fraud, and the application of IPSAS and any related audit issues. The Technical Group expressed an interest in becoming more engaged with the FBN and offered to speak at future FBN sessions, as appropriate.

33. The FBN Co-Chairs were also invited to attend the meeting of the UN System Oversight Committees in New York from 11 – 12 December, to present on issues under discussion in the FBN. This follows the presentation from the representative of the IAAC Chairs to the FBN at its June 2018 meeting, and it was noted that the briefing will include the FBN's Terms of Reference, and opportunities and challenges facing the Network. One such opportunity noted was the potential for audit committees to play a bigger role in driving more synergy in oversight and audit.

34. During the discussion, FBN members noted the increasing demands to report bilaterally on all different levels on fraud, and an update was provided on the outcome of the first meeting of the working group on fraud reporting, which is led by UNHCR and includes UNESCO, WFP and WHO. The group is taking stock of existing clauses contained in their donor agreements to see if there are commonalities, with a view to considering whether a single fraud reporting principle could be adopted across the system. The previous work done by HLCM to adopt common definitions of fraud and presumptive fraud in 2017 was also recalled.

b) Date and venue of the the 33rd session of the Finance and Budget Network

35. FBN members expressed thanks to the World Intellectual Property Organization for hosting the 33rd session of the FBN in 2019 in Geneva. The meeting will take place on 17-18 July 2019.

c) Written update from the Working Group on Common Treasury Services (WGCTS)

36. The Co-Chair of the WGCTS provided a brief update on the outcomes of the recent face-to-face meeting of the WGCTS that took place 5-6 November 2018.

d) Update from the Working Group on UN-SWAP Gender Markers

37. UN Women recalled that the FBN established a Working Group on the UN-SWAP Gender Marker in June 2014. Under the Sub-working Group on Coding Standards of this Working Group, UN Women has developed and released two Guidance Notes to support the UN system entities in the development of their respective gender markers. The first Guidance Note is on Coding Definitions and the second on Quality Assurance, which were developed to supplement the already existing 2013 [*UNDG Guidance Note on Gender Equality Markers*](#).

38. It was noted that this concludes the work of the Working Group on UN-SWAP Gender Markers, and UN Women, as Chair of the Group, expressed thanks to the member entities of the group (WFP, UNFPA, UN Secretariat, FAO, UNESCO, UNIDO, UNDP and WHO) as well as the other entities that were observers.

e) Update regarding the Secretary General’s High Level Taskforce on Financing for Gender Equality

39. UN Women informed the FBN that, at its meeting discussing the Gender Architecture in June 2017, the Executive Committee of the Secretary-General decided that the UN should “consider establishing a light and time-bound Task Force on Financing for Gender Equality to review UN budgets/expenditures across the system and make recommendations on how to increase financing for gender equality”. This High-level Taskforce was established August 2018 and 12 Entities were invited to participate (ESCWA, OHCHR, UN Secretariat, WFP, PBSO, UNICEF, WHO, UNDP, UN Women, UNFPA, IOM, WMO).

40. The First of two Working Groups focuses on identifying structural and operational changes required to enable budget and expense tracking; and on establishing a baseline as an important first step to reallocation of resources. As the Co-Chair of this Working Group, UN Women plans to send out a survey through the FBN, which will provide data analysis on progress of the use of the Gender Marker, as well as other additional information.

f) Update from HR Network on planned review of methodology for cost sharing of local salary survey activities budget

41. A representative of the HR Network informed the FBN members of the planned review by the HR Network of the methodology for cost sharing of the local salary survey activities budget, and invited FBN members to submit any nominations for participation in the group to the CEB Secretariat.

Annex I – List of participants

Organization	Name and Title
FAO	Ms. Charlotta Oqvist Senior Strategic and Planning Officer
IAEA	Mr. Tristan Bauswein Director, Chief Financial Officer, Division of Budget and Finance, Department of Management
	Mr. Brian Cover Head, Finance and Accounting Section
	Ms. Monica Hemmerde Head, Programme and Budget Section
IFAD	Mr. Advit Nath Director and Controller, Accounting and Controller's Division, Financial Operations Department
	Mr. Saheed Adegbite Director, Office of Budget & Organizational Development
ILO	Mr. Greg Johnson Treasurer and Financial Comptroller, Financial Services Department
IMO	Ms. Linda Ryan Director, Administrative Division
	Ms. Annabelle Viajar Head, Financial Services
IOM	Ms. Paola Buso Senior Finance Policy Officer, Accounting Division, DRM
UN	Ms. Unis Valencia Williams Chief of Service, Programme Planning Budget Division
UNAIDS	Ms. Ljiljana Todorovic Chief, Budget and Resource Management
UNDP	Mr. Darshak Shah CFO and Deputy Assistant Administrator, Deputy Director Bureau for Management Services
	Ms. Helen Hall Chief Financial Performance Management and Reporting
	Ms. Henriette Keijzers Deputy Executive Coordinator, UN Multi Partner Trust Fund Office
	Ms. Akiko Hasegawa Programme Analyst
UNESCO	Ms. Nutan Wozencroft CFO, Bureau of Financial Management
	Ms. Lopa Guha-Giacobbi Chief of the Financial Policy and Compliance Section
UNFPA	Mr. Andrew Saberton Director, Division for Management Services
UNHCR	Mr. Hans Baritt Controller and Director, Division of Financial and Administrative Management
UNICEF	Mr. Thomas Asare Comptroller & Director, Division of Financial and Administrative Management
UNIDO	Mr. George Perera Director, Department of Finance
	Mr. Peter Krist

Organization	Name and Title
	Chief, Accounts and Payments Division Ms. Liliya Sydorenko Chief, Financial Management of Technical Cooperation Division
UNWTO	Ms. Monica Gonzalez Chief, Budget and Finance
UN Women	Ms. Donna Grimwade Deputy Director of Financial Management, Division of Management and Administration
	Mr. Aamir Awan Chief of Budget
WFP	Mr. Robert van der Zee Deputy Director and Treasurer of the Finance and Treasury Division
	Mr. Jonathan Howitt Director, Enterprise Risk Management, and Chief Risk Officer
WHO	Ms. Jane Stewart Director Accounts, FNM/ACT
WIPO	Ms. Chitra Narayanaswamy Director (Controller), Department of Program Planning and Finance
	Ms. Magdi Bona Assistant Controller
	Ms. Janice Cook Robbins Director, Finance Division
WTO	Mr. John Breckenridge Financial Controller, Performance Management
UNFCCC	Ms. Juleka Rajah Chief of Financial Resources Management
	Mr. Frank Rauch Team Lead for Budget
	Mr. Jochen Kress Finance Officer
CTBTO	Mr. Isaku Higa Chief, Budget and Finance
OSCE	Ms. Helen Brunner deCastris Director for the Department of Management and Finance
CEB Secretariat	Mr. Remo Lalli HLCM Secretary, Chief CEB Secretariat Geneva
	Ms. Laura Gallacher Inter-Agency Officer, Finance and Budget Network
	Mr. Ole Emmrich Associate Expert in Business Management and Human Resources Management