



Executive Board of the United Nations Entity for Gender Equality and the Empowerment of Women

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Financial, budgetary and administrative matters

Proposed financial regulations and rules for the United Nations Entity for Gender Equality and the Empowerment of Women

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) on the proposed financial regulations and rules for the entity (UNW/2011/5 and Add.1). During its consideration of the proposed regulations and rules, the Advisory Committee met with representatives of the Executive Director, who provided additional information and clarification.

II. Background and consideration

2. In its resolution 64/289, the General Assembly decided to establish UN-Women and that the Entity should have financial regulations and rules similar to those of other operational United Nations funds and programmes and be consistent with the Financial Regulations and Rules of the United Nations. In paragraph 79 of the same resolution, the Assembly requested the Executive Director to present a proposal for financial regulations, for consideration and approval by the Executive Board, and to promulgate the financial rules.

3. During its 2010 fall session, the Advisory Committee was provided with an advance version of the proposed financial regulations and rules for UN-Women. However, at that time, the Committee was informed that the proposed regulations

* UNW/2011/L.1.

and rules were still under review by the Office of the Controller and by the Office of Legal Affairs. As such, the Committee deferred its consideration of the proposed regulations and rules until those reviews had been completed. The Committee was subsequently informed that the proposals contained in document UNW/2011/5 had taken into account the views of the Office of the Controller and the Office of Legal Affairs.

4. As outlined in the report of the Executive Director, the Financial Regulations and Rules of the United Nations Population Fund (UNFPA) were used as the primary source of the proposed financial regulations and rules, in view of the similarities between UNFPA and UN-Women in terms of the expected scale and configuration of the entities in programme countries. In addition, the fact that the Financial Regulations and Rules of UNFPA had been revised to address the changes necessary to prepare for the implementation of the International Public Sector Accounting Standards (IPSAS) was also taken into account. In a number of areas, however, and given the breadth of the mandate of UN-Women, the Executive Director deemed it advisable to adopt some of the Financial Regulations and Rules of the United Nations Development Programme (UNDP).

5. A comparison between the proposed financial regulations and rules and those of UNFPA and UNDP, together with explanations for deviations, is being planned. The main areas of deviation include: (a) additions to reflect the partial funding of UN-Women from assessed contributions through the regular budget; (b) a proposal for the level of operational reserves to be calculated in accordance with guidelines issued by the Executive Director (rule 1801); (c) amendments to clarify that the Executive Director would retain all accountability for delegated responsibilities (rule 202); and (d) the sourcing of regulation 12.1 in respect of financial statements from the Financial Regulations and Rules of the World Food Programme (WFP), the only entity to have implemented IPSAS to date.

6. During the session, the Advisory Committee was informed that the Executive Director would be submitting the proposed financial regulations and rules to the Executive Board at its session in March. The Committee was also informed that proposals would be made to the Board on two aspects of the financial management of UN-Women at subsequent sessions during 2011. Firstly, a proposal on the levels of operational reserves would be presented in June for a decision by the Executive Board, as required under proposed regulation 18.2. Secondly, proposals would be made to the Executive Board in September in respect of the level of country, regional and interregional programmes and projects that could be approved by the Executive Director without the prior approval of the Executive Board, in accordance with proposed regulation 13.3. The Committee was informed that a rule would then be promulgated in accordance with the Board's decision on the matter.

7. The Advisory Committee is of the view that, in general, the proposed financial regulations and rules provide an appropriate framework for governing the financial management of the operations of UN-Women. The Committee considers, however, that adjustments to a number of the proposed regulations and rules are necessary so as to provide greater clarity. In particular, the Committee is of the opinion that the sections relating to the preparation and submission of requests for funding under the biennial programme budget (the regular budget) should be amended to specify that such requests should be submitted to the Secretary-General rather than directly to

the General Assembly as may be construed from the language currently proposed. In addition, with the further clarification that requests for funding under the regular budget would be in line with the Financial Regulations and Rules of the United Nations and with the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, the Committee is of the view that certain proposed regulations and rules in section 15 may be deleted. The Committee is also of the view that consideration should be given to including in the proposed financial regulations and rules a provision that addresses the area of programme budget implications, taking into account regulations 2.10 and 2.11 of the Financial Regulations and Rules of the United Nations and reflecting the particular circumstances pertaining to the funding of UN-Women.

8. The changes recommended by the Advisory Committee and the rationale for making them are contained in the annex to the present document. **The Committee recommends that the Executive Board take into account these changes in its consideration of the proposed financial regulations and rules for UN-Women.**

Recommended changes to the proposed financial regulations and rules for the United Nations Entity for Gender Equality and the Empowerment of Women

| <i>Text proposed in UNW/2011/5^a</i> | <i>Remarks</i> | <i>Recommended change</i> |
|---|--|--|
| | Global changes: | |
| | All references to “General Assembly (Fifth Committee)” should be replaced by “General Assembly”. | |
| | All references to “Board of Auditors” should be replaced by “the Board of Auditors of the United Nations”. | |
| Regulation 1.4 | | Regulation 1.4 |
| (a) The Executive Director shall establish financial rules to ensure effective and efficient financial administration, and the exercise of economy. The Executive Director shall circulate the financial rules to the members of the Executive Board for information at least 30 days before they become effective; | The change proposed to regulation 1.4 highlights the primacy of the financial regulations approved by the Executive Board. | (a) The Executive Director shall establish financial rules <u>consistent with the provisions of the financial regulations approved by the Executive Board, in order to ensure effective and efficient financial administration, and the exercise of economy.</u> The Executive Director shall circulate the financial rules to the members of the Executive Board for information at least 30 days before they become effective; |
| Rule 202 | | Rule 202 |
| (a) The Executive Director, while retaining all accountability, shall be responsible for the administration of these Rules. The Executive Director may delegate to the Deputy Executive Director, UN-Women, Director of Division for Management and Administration, UN-Women, and/or to other personnel of UN-Women any of his or her responsibilities that have not been expressly assigned under these rules; | The change proposed to rule 202 clarifies that the Executive Director continues to be accountable even after delegation. | (a) The Executive Director, while retaining all accountability, shall be responsible for the administration of these rules. The Executive Director, <u>while retaining all accountability,</u> may delegate to the Deputy Executive Director, UN-Women, Director of Division for Management and Administration, UN-Women, and/or to other personnel of UN-Women any of his or her responsibilities that have not been expressly assigned under these rules; |

| <i>Text proposed in UNW/2011/5^a</i> | <i>Remarks</i> | <i>Recommended change</i> |
|--|---|--|
| <p>Regulation 3.5</p> <p>With the exception to the assessed contribution under regulation 8.1, where the purpose of the contribution is the general support of UN-Women and no limitations are imposed by the contributor as to its use, the moneys or in kind provisions received shall be credited to the UN-Women regular resources account.</p> | <p>It is suggested that the word “assessed” be removed, as the source of the funding is clearly stated in regulation 8.1.</p> | <p>Regulation 3.5</p> <p>With the exception to the assessed contribution under regulation 8.1, where the purpose of the contribution is the general support of UN-Women and no limitations are imposed by the contributor as to its use, the moneys or in kind provisions received shall be credited to the UN-Women regular resources account.</p> |
| <p>8. Assessed contribution to regular resources under the grant modality</p> | <p>It is suggested that the word “assessed” be removed from the heading of section 8.</p> | <p>8. Assessed Contribution to regular resources under the grant modality</p> |
| <p>Regulation 8.2</p> <p>The Executive Director shall report to the General Assembly on the use of the grant, and the related financial accounts shall be submitted to the Board of Auditors in accordance with the standard formats, rules and procedures applicable to the regular budget of the United Nations.</p> | <p>It is recommended that the wording of regulation 8.2 be adjusted to reflect that information on the programme budget will be an integral part of the Secretary-General’s report on the performance of the programme budget, issued under his authority as chief administrative officer of the Organization.</p> | <p>Regulation 8.2</p> <p>The Executive Director shall report <u>through the Secretary-General</u> to the General Assembly on the use of the grant. and the related financial accounts shall be submitted to the United Nations Board of Auditors in accordance with the standard formats, rules and procedures applicable to the regular budget of the United Nations.</p> |
| | <p>It is recommended that the reference to the related accounts being submitted to the Board of Auditors of the United Nations be deleted, as there would be no separate submission of these accounts for auditing. Rather, reporting on the use of the grant would be covered under the financial statements of the United Nations and be subject to the usual procedures for the United Nations of the Board of Auditors.</p> | |

Regulation 11.1

The financial period for the purpose of both the proposed utilization of resources and the incurring of and accounting for expenses in respect of the support and regular budget shall be established in consultation with the Executive Board for the support budget and the General Assembly (Fifth Committee) for the regular budget to be one or more years aligned for both budgets.

15. Preparation of regular budget, submission and approval**Regulation 15.1**

The Executive Director shall prepare the regular budget, both for revenue and for expense, which shall be linked to the strategic plan for the current planning period.

The recommended changes take into account the fact that the period for the regular budget will not be subject to consultation with the General Assembly. It is suggested that the wording be changed to reflect that the programme budget is on a biennial basis and that the support and programme budget periods would be aligned.

In addition, the proposed text follows the wording of United Nations financial regulation 1.2.

It is suggested that the heading of the section be adjusted as indicated.

In addition, it is felt that many elements of this section would not require elaboration to the extent proposed if it were made clear that the proposals made in respect of the programme budget followed the Financial Regulations and Rules of the United Nations and the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (see ST/SGB/2000/8).

It is proposed that regulation 15.1 be adjusted to reflect submission of the programme budget to the General Assembly through the Secretary-General, rather than to the Assembly directly. In addition, the activities for which regular budget funding would be provided, as stated in Assembly resolution 64/289, are highlighted.

Regulation 11.1

The financial period for the purpose of both the proposed utilization of resources and the incurring of and accounting for expenses in respect of the support and regular budget shall be aligned and shall consist of two consecutive calendar years, the first of which shall be an even year.* ~~established in consultation with the Executive Board for the support budget and the General Assembly (Fifth Committee) for the regular budget to be one or more years aligned for both budgets.~~

15. Preparation, submission and approval of the UN-Women component of the regular budget of the United Nations Regular Budget, Submission and Approval**Regulation 15.1**

The Executive Director shall prepare and submit to the Secretary-General the resource requirements to service the normative intergovernmental processes to be considered in the context of the Secretary-General's proposed biennial programme budget. ~~This proposal the support and regular budgets, both for revenue and for~~

| Text proposed in UNW/2011/5 ^a | Remarks | Recommended change |
|--|---|---|
| | <p>The proposal must link to the strategic framework approved by the Committee for Programme and Coordination and the General Assembly. Clarification may be necessary on the linkage of this framework to the strategic plan.</p> | <p>expense, which shall be linked to the strategic plan for the <i>relevant current</i> planning period.</p> |
| <p>Rule 1501 Preparation of regular budget</p> | | <p>Rule 1501 Preparation of regular budget</p> |
| <p>(a) Budget expenses shall include salaries and other emoluments of staff members calculated, for the purposes of the proposed regular budget, on a net basis corresponding, for each grade, to the net salary scales approved for United Nations staff members of the same grade by the General Assembly;</p> | <p>In the light of the proposed adjustment to regulation 15.6 (see below) and given the primacy of United Nations financial regulations and rules in the preparation of the proposed programme budget for UN-Women, it is not necessary to provide the details outlined in rules 1501 and 1502 and in regulations 15.2 to 15.5.</p> | <p>(a) Budget expenses shall include salaries and other emoluments of staff members calculated, for the purposes of the proposed regular budget, on a net basis corresponding, for each grade, to the net salary scales approved for United Nations staff members of the same grade by the General Assembly.</p> |
| <p>(b) The Executive Director, as authorized to do so by decision of the General Assembly (Fifth Committee) at the time of its approval of the regular budget, may transfer appropriations between appropriation lines within the regular budgets, within authorized limits;</p> | | <p>(b) The Executive Director, as authorized to do so by decision of the General Assembly (Fifth Committee) at the time of its approval of the regular budget, may transfer appropriations between appropriation lines within the regular budgets, within authorized limits;</p> |
| <p>(c) The proposed regular budget shall contain provisions to reimburse UN-Women staff members for income taxes levied on them in respect of earnings derived from employment with UN-Women.</p> | | <p>(c) The proposed regular budget shall contain provisions to reimburse UN-Women staff members for income taxes levied on them in respect of earnings derived from employment with UN-Women.</p> |
| <p>Regulation 15.2: The regular budget shall cover proposed commitments, expenses and anticipated revenue related to the regular budget and shall be presented in United States dollars.</p> | | <p>Regulation 15.2: The regular budget shall cover proposed commitments, expenses and anticipated revenue related to the regular budget and shall be presented in United States dollars.</p> |
| <p>Regulation 15.3: The Executive Director shall, at each session of the General Assembly (Fifth Committee) prior to the commencement</p> | | <p>Regulation 15.3: The Executive Director shall, at each session of the General Assembly (Fifth Committee) prior to the</p> |

of a budget period, submit his or her proposed regular budget for the coming budget period. The proposed regular budget shall be submitted to all Members of the General Assembly (Fifth Committee) at least six weeks prior for their consideration.

Regulation 15.4: The Executive Director shall also transmit the proposed regular budget to the Advisory Committee for examination and report before it is transmitted to the General Assembly under regulation 15.3 above.

Regulation 15.5: The report of the Advisory Committee shall be transmitted to the General Assembly (Fifth Committee) as soon as it is available.

Rule 1502

At the time of submitting supplementary budget proposals the Executive Director shall provide such detailed information as may be necessary to explain the extent to which the additional appropriation requested is due to changed inflation experience or forecasts, unexpected currency fluctuations or other unforeseen cost factors.

Regulation 15.6: The proposed regular budget shall be prepared in accordance with the guidelines approved by the General Assembly (Fifth Committee), and shall be accompanied by such information annexes and explanatory statements as may be requested by the General Assembly (Fifth Committee) or as the Executive Director may deem necessary and useful.

The proposed changes confirm that the programme budget submission would follow rules and regulations and procedures of the United Nations and relevant decisions and guidelines of the General Assembly.

~~commencement of a budget period, submit his or her proposed regular budget for the coming budget period. The proposed regular budget shall be submitted to all Members of the General Assembly (Fifth Committee) at least six weeks prior for their consideration.~~

~~**Regulation 15.4:** The Executive Director shall also transmit the proposed regular budget to the Advisory Committee for examination and report before it is transmitted to the General Assembly under regulation 15.3 above.~~

~~**Regulation 15.5:** The report of the Advisory Committee shall be transmitted to the General Assembly (Fifth Committee) as soon as it is available.~~

~~Rule 1502~~

~~At the time of submitting supplementary budget proposals the Executive Director shall provide such detailed information as may be necessary to explain the extent to which the additional appropriation requested is due to changed inflation experience or forecasts, unexpected currency fluctuations or other unforeseen cost factors.~~

Regulation 15.6 15.1: The proposed regular budget shall be prepared in accordance with the Financial Regulations and Rules of the United Nations, the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, and with the relevant resolutions and guidelines approved by the General Assembly (Fifth Committee), and shall be accompanied by such information annexes and explanatory

| Text proposed in UNW/2011/5 ^a | Remarks | Recommended change |
|---|--|---|
| <p>Regulation 15.7: Supplementary proposals to amend the regular budget may be submitted by the Executive Director whenever necessary.</p> | <p>The suggested changes reflect the fact that proposals for supplementary funding under the programme budget would be made to the Secretary-General, who would decide on their submission to the General Assembly.</p> | <p>statements as may be requested by the General Assembly (Fifth Committee) or as the Executive Director may deem necessary and useful</p> <p>Regulation 15.7 15.3: Supplementary proposals to amend the regular budget may be submitted, whenever necessary, by the Executive Director, <u>to the Secretary-General.</u></p> |
| <p>Regulation 15.8: The Executive Director shall prepare supplementary proposals to amend the regular budget in a form consistent with the approved regular budget and shall submit such proposals to the General Assembly (Fifth Committee). They shall also be submitted to the Advisory Committee for examination and report thereon to the General Assembly (Fifth Committee).</p> | <p>As noted with regard to regulation 8.2, it is recommended that the wording of regulation 15.8 be adjusted to reflect that any supplementary proposal would be made by the Secretary-General in his authority as chief administrative officer of the Organization.</p> | <p>Regulation 15.8 15.4: The Executive Director shall prepare supplementary proposals to amend the regular budget in a form consistent with the approved regular budget and shall submit such proposals to the <u>Secretary-General.</u> General Assembly (Fifth Committee). They shall also be submitted to the Advisory Committee for examination and report thereon to the General Assembly (Fifth Committee).</p> |
| <p>Regulation 16.5: The report of the Advisory Committee shall be transmitted to all members of the Executive Board as soon as it is available.</p> | <p>The proposed change to regulation 16.5 clarifies that the report of the Advisory Committee should be made available to the Executive Board at the time of its consideration of the proposed support budget.</p> | <p>Regulation 16.5: The report of the Advisory Committee shall be transmitted to all members of the Executive Board as soon as it is available <u>and shall be considered prior to decisions being taken on the proposed support budget.</u></p> |
| <p>Rule 2008</p> <p>(b) Requests for the approval of all ex gratia payments shall be cleared by the Director, Division of Management and Administration.</p> | <p>The use of the term “shall be cleared” may give the impression that such clearance is obligatory. In addition, based on guidance from UN-Women according to which the intention is that approval will remain with the Executive Director, it is recommended that this be clarified in the rule.</p> | <p>Rule 2008</p> <p>(b) Requests for the approval of a <u>All ex gratia payments shall be cleared require clearance</u> by the Director, Division of Management and Administration, <u>prior to consideration for approval by the Executive Director.</u></p> |

^a The text in this column comes from an advance version of UNW/2011/5.