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COUNCIL

Hundred and Thirty-first Session

Rome, 20 – 25 November 2006

A Common Payroll for UN System Organizations (JIU/REP/2005/4)

1. This JIU Report is accompanied by the comments of the Director-General and of the United Nations System's Chief Executives Board for Coordination.
2. Given the subject matter, it is drawn to the attention of the Finance Committee.

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JIU REPORT 2005/4

“A COMMON PAYROLL FOR UNITED NATIONS SYSTEM ORGANIZATIONS“

Comments of the Director-General of FAO

General Comments

FAO is in full agreement with the CEB comments (i.e. system-wide comments) prepared on this report, from which the following comments from its own perspective are largely drawn.

This report rightly observes that almost every organization of the UN system performs its own payroll processing function, with many organizations adapting commercial Enterprise Resource Planning (ERP) software for this purpose. It postulates that by consolidating this function across organizations, financial savings estimated at \$100 million over 10 years could be realized by the system as a whole.

The only two recommendations are in effect mostly intended as a call for the system to move towards a common ERP, with the first step being the consolidation of payroll activity.

While savings might be theoretically possible through consolidation of administrative systems, it would be necessary to address an extensive range of issues, which have not been thoroughly explored in this report. Thus, the report suffers from inadequate financial analysis, resulting in the lack of a clear business case for organizations to adopt a common application. One major obstacle to moving towards a common ERP is that many organizations have already invested heavily in existing systems (e.g. in FAO in Oracle-based solutions) and are unlikely to consider alternatives until these costs have been fully amortized. In addition, a necessary precondition for any system consolidation, is the resolution of the complicated manner in which HR and payroll rules are adopted across the system.

Comments on recommendations

Addressee of Recommendation:

Executive Head

Legislative Body

Other (specify): *General Assembly*

Recommendation 1 (quote from JIU Report):

The General Assembly should:

- (a) *Endorse the development of a common payroll system as the first step towards a common ERP for the United Nations system as a whole; and*
- (b) *Request the Secretary-General, in his capacity as Chairman of the United Nations System Chief Executives Board for Coordination (CEB): to seek the highest-level commitment from the United Nations system organizations, by setting up a governance structure, which should speed up, coordinate and oversee the development and implementation of a common payroll system through the implementation of a phased approach and within the context of a common ERP system; and to report back to the General Assembly on the implementation status of this recommendation at its sixty-second session.*

Is the recommendation of potential relevance to FAO? Yes No

Decision and/or Proposed Action:

| | |
|----------------------|-------------------------------------|
| Endorsed | <input type="checkbox"/> |
| Endorsed as modified | <input type="checkbox"/> |
| Rejected | <input checked="" type="checkbox"/> |

Explanation and/or Proposed Action: 1(a) in particular is not accepted in the light of the general reactions provided above.

Include recommendation and action in annual monitoring report: Yes No

Addressee of Recommendation:

| | |
|---|-------------------------------------|
| Executive Head | <input type="checkbox"/> |
| Legislative Body | <input type="checkbox"/> |
| Other (specify): <i>Secretary-General and CEB</i> | <input checked="" type="checkbox"/> |

Recommendation 2 (quote from JIU Report):

The Secretary-General, in his capacity as Chairman of CEB, should invite CEB to:

- (a) *Establish “leader” organizations or common service entities, which can provide payroll services, on a fee or other financial basis, to those agencies that have old and antiquated systems;*
- (b) *Harmonize, simplify and standardize the application across the United Nations system of the common staff rules and regulations relating to payroll and allowances; and,*

- (c) *Report back to the General Assembly on the implementation status of this recommendation at its sixty-second session.*

Is the recommendation of potential relevance to FAO? Yes No

Decision and/or Proposed Action:

| | |
|----------------------|-------------------------------------|
| Endorsed | <input type="checkbox"/> |
| Endorsed as modified | <input checked="" type="checkbox"/> |
| Rejected | <input type="checkbox"/> |

Explanation and/or Proposed Action: While 2(a) can be accepted in principle, it may be noted that it is not normally part of the mandate of individual Organizations to provide IT services to others. Nevertheless, as far as FAO is concerned, when possibilities existed to assist sister Organizations, at minimal additional cost, this has generally been done. It may also be recalled that the ICC has been established precisely to operate as a shared services centre for all UN system Organizations.

2(b) can of course be endorsed, but this is a long haul effort, to be done through the appropriate mechanisms.

Include recommendation and action in annual monitoring report: Yes No