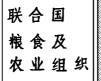
April 2006







Food and Agriculture Organization of the United Nations

Organisation des Nations Unies pour l'alimentation et l'agriculture Organización de las Naciones Unidas para la Agricultura y la Alimentación

# **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.

2 CL 131/INF/12

### 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 Oraclebased 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	X
	Legislative Body	X

Other (specify): General Assembly

CL 131/INF/12 3

### **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?		x No	
Decision and/or Proposed Action:	Endorsed		
	Endorsed as modified		
	Rejected	X	
<b>Explanation and/or Proposed Action:</b> 1(a) is the general reactions provided above.	n particular is not accepted in the	e light of	
Include recommendation and action in annual monitoring report: Yes $\square$ No $\boxed{x}$			
Addressee of Recommendation:	Executive Head		
	Legislative Body		
	Other (specify): Secretae and CEB	ry-General x	

### **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,

4 CL 131/INF/12

<i>(c)</i>	Report back to the General Asse recommendation at its sixty-second	-	tation status of	f this
Is the recommendation of potential relevance to FAO?		Yes x	No	
Decision and	l/or Proposed Action:	Endorsed		
		Endorsed as mod	dified	X
		Rejected		
be noted that IT services to assist sistemay also be reservices centred 2(b) can of compropriate management of the services centred 2(b) can of compropriate management of compropriate	and/or Proposed Action: While 2 it is not normally part of the mand of others. Nevertheless, as far as FA ir Organizations, at minimal addition recalled that the ICC has been established for all UN system Organizations ourse be endorsed, but this is a long nechanisms.	ate of individual Organ O is concerned, when ponal cost, this has gener olished precisely to ope . g haul effort, to be done	nizations to propossibilities exically been done rate as a shared	vide isted . It