



Executive Council

Ninety-eighth session
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CE/98/3(II)(a)
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Report of the Secretary-General

Part II: Administrative and statutory matters

(a) Report of the Programme and Budget Committee: Part II (Budget and Finance)

I. Introduction

1. The Programme and Budget Committee started its fourth meeting at the Organization's Headquarters in Madrid on 12 and 13 May 2014, under the chairmanship of Argentina. Delegations of the following Members participated in this meeting of the Committee: Guatemala, Hungary, India, Indonesia, Italy and the representative of the Associate Members, the Flemish Community of Belgium. Also in attendance were Ecuador and Spain in their capacity as observers. The list of participants of the fourth meeting of the Programme and Budget Committee is included as Annex 1 of document CE/98/3(I)(f).

2. The Committee considered the following documents, which will be submitted to the Executive Council at its ninety-eighth session (4-6 June 2014):

Items

Auditors' report and administrative accounts for the financial year 2013

Financial situation of the Organization as of 31 March 2014

IPSAS progress report

Application of Article 34 of the Statutes and paragraph 13 of the Financing Rules

Report on human resources matters

Place and dates of the fifth meeting of the Programme and Budget Committee

Documents

CE/98/3(II)(d)

CE/98/3(II)(b)

CE/98/3(II)(b) Add.1

CE/98/3(II)(c)

CE/98/3(II)(g)

n.a.



II. Auditors' report and administrative accounts for the financial year 2013 (document CE/98/3(II)(d))

3. The Committee heard the presentation of the report by the Spanish External Auditor prepared in cooperation with the External Auditors from India and Germany concerning the accounts for the financial year 2013. It noted the remarks contained in the report, in particular that it was a favorable audit report.

4. The Committee took note of the explanations given by the Secretariat regarding the accounts for the financial year of 2013, which have been closed. The Secretariat informed the Committee of the budgetary results for 2013, pointing out that thanks to the level of budgetary income received, including income from the payment of contribution arrears, it had been possible to execute 100% of the approved budget and 2012 budgetary balance by the corresponding transfer of appropriations from different financial years made as per Regulations 5.1(a) and 5.3(c) of the Financial Regulations and resolution A/RES/567(XVIII), thus achieving an income/expenditure balance of zero in the financial period 2012-2013 in accordance with the recommendation of the General Assembly in resolution A/RES/567(XVIII).

5. The Committee agreed to the transfers of appropriations between parts of the budget and between sections of the same part of the budget as well as from the first to the second financial year of each financial period, made by the Secretary-General at the close of the accounts for 2013 with the prior respective authorizations of the Chairman of the Executive Council and the Chairman of the Programme and Budget Committee in accordance with Financial Regulations 5.3(a) and 5.3(b) and Council decision 6(LIII). It recommended the Executive Council to approve the aforementioned transfers.

6. Noting that the accounting procedures and records, as well as the financial transactions for the year, were in accordance with the Financial Regulations and other applicable directives, the Committee recommended the Executive Council to authorize the accounts.

7. It also recommended the Secretary-General to continue in 2014 his approaches to Members that owe contributions to the Organization in order to secure their payment.

8. The Committee expressed its gratitude to the External Auditors (India, Germany and Spain) for their excellent work.

III. Financial situation of the Organization as of 31 March 2014 (document CE/98/3(II)(b)) and IPSAS progress report (document CE/98/3(II)(b) Add.1)

9. The Committee took note of document CE/98/3(II)(b) and its Add.1, which provides information as of 31 March 2014 and on progress achieved on the implementation of IPSAS. The Committee noted with satisfaction that, as of the end of March, the level of contributions collected for the current year had risen to EUR6,725,928.93. This represents 54 per cent (a percentage similar to last year's on the same date) of the total amount of contributions payable by Members in 2014 (EUR12,480,000) and 63 per cent of the estimated income from contributions (EUR10,612,000), and therefore income targets are expected to be met by year's end. After the addition of allocations from sundry income, publications and arrear contributions, the total budgetary income received amounts to EUR7,854,741.91 representing 62 per cent of the income estimates for the year (EUR12,756,000).

10. The Committee took note that arrears of Members' contributions collected as of 31 March 2014 were 32 per cent of the forecast amount (EUR1,500,000).

11. The Committee also took note that the implemented expenditure amounts to EUR11,387,421.17 out of which EUR2,436,601.41 have already been disbursed, and that, furthermore, EUR8,951,019.76 are already committed until year's end, staff costs included.

12. The Committee noted that the contributions received for the current year would enable the Secretary-General to finalize implementation of the expenditure plan proposed for 2014 and maintain a balance between income and expenditure in accordance with the mandate recommendation of the twentieth session of the General Assembly.

13. The Committee noted that a new salary scale applicable to staff of the Professional and higher categories was adopted effective 1 January 2014, in accordance with the applicable provisions of the Staff Regulations and the Staff Rules. This scale represents no additional cost to the Organization because it is the result of adjusting upward by 0.19 per cent the base salary of this staff category while reducing by the same percentage the post adjustment, so that the overall remuneration (base salary plus post adjustment) remains unchanged.

14. The Committee took note with satisfaction of the progress report on the IPSAS implementation with effect from 1 January 2014 and of the recognition given by the External Auditors to the work done in 2013 in the IPSAS project.

15. The Committee also took note of the accounting treatment of UNWTO satellites in UNWTO Financial Statements as from 1 January 2014 under IPSAS as presented in document CE/98/3(II)(b) Add.1.

16. The Committee endorsed the proposed approach to implement the IT activities in the IPSAS post-implementation phase as presented in document CE/98/3(II)(b), as well as of the Secretary-General's decision to make an exception to competitive bidding in the recruitment of IT experts for the IPSAS post-implementation phase based on the explanation made by the Secretariat on the satisfactory evaluation of the work carried out by the IT contractor for the IT developments on the main IPSAS phase.

17. Having heard the presentation of the progress made on IPSAS project, the Committee encouraged the Secretary-General to continue to advance in the IPSAS implementation project.

18. Furthermore, the Committee encouraged considering options for the funding of after-service employee benefit liabilities to be submitted to the Executive Council subsequent to the deliberations of the ASHI Working Group of the UN Finance and Budget Network.

19. Having heard the recommendation of adjusting the budgetary appropriation in accordance with the estimated annual current service costs for employee benefits, the Committee encouraged this initiative for the forthcoming UNWTO budgets as from the biennium 2016-2017 onwards.

IV. Application of Article 34 of the Statutes and paragraph 13 of the Financing Rules (document CE/98/3(II)(c))

20. The Committee observed that the provisions of paragraph 13 of the Financing Rules attached to the Statutes were applied to eight Full Members and one Associate Member, while Article 34 of the Statutes applied to fifteen Members as of 31 March 2014.

21. It recommended the Executive Council to again urge all Members in arrears to discharge their debts to the Organization as soon as possible and noted that the total arrears of the Full Members to

which the aforementioned provisions are applied amount to EUR7,058,269.39, and EUR555,400.00 among the Affiliate Members, while the total arrears owed to the Organization by the Full and Associate Members, as of 31 March 2014, amount to EUR12,925,776.06 and, in the case of the Affiliate Members, EUR553,005.08.

22. The Committee took note with further satisfaction that the Full Member Lao People's Democratic Republic had scrupulously complied with the commitments acquired with regard to the payment of their contributions up to and including the current year. Furthermore, the Committee was informed that Burundi and Madagascar have submitted payment plans for the settlement of their arrears, over thirty years starting in 2014 in the case of the former, and over three years in the case of the latter, also starting in 2014. Furthermore the Affiliate Member, Instituto de Turismo Responsable also submitted a six-year payment plan starting in 2014.

V. Report on human resources matters (document CE/98/3(II)(g))

23. The Committee took note of the present structure of the Secretariat.

VI. Place and date of the fifth meeting of the Programme and Budget Committee

24. The Committee proposed to consult the members of the Committee in writing in order to hold the fifth PBC meeting taking into consideration the venue and timing of the 99th Executive Council.

VII. Actions to be taken by the Executive Council

25. The Executive Council is requested to approve the recommendations presented in the corresponding documents.