

Introductory Statement to the Fifth Committee
Agenda Item 131: Seventh progress report on the adoption of
International Public Sector Accounting Standards by the United Nations:
Report of the Secretary-General (A/69/367)

9 October 2014

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Mr. Chairman,
Distinguished delegates of the Committee,

1. I have the honour to introduce the seventh progress report of the Secretary-General on the adoption of IPSAS.
2. The report presents progress for the twelve-month period ended 31 August 2014, updating the information presented in the previous progress reports¹ on the implementation of IPSAS. The present report summarizes the status of IPSAS implementation across the United Nations system and presents the Secretariat's IPSAS implementation in more detail. The report also presents how the Secretariat is addressing the key IPSAS-related concerns expressed by the ACABQ in its report A/68/508.
3. Let me firstly address the implementation of IPSAS at the UN Secretariat. The implementation commenced as planned with the launch of IPSAS-compliant accounting in peacekeeping operations on 1 July 2013; presently the Organization is on track to complete its first IPSAS-compliant financial statements for peacekeeping operations due by 30 September 2014. I am confident, Mr. Chairman, that we will deliver, despite a few remaining risks that we are managing.
4. The report before you outlines the key IPSAS project milestones achieved for peacekeeping operations during the period under review; these include the finalization of IPSAS opening balances, and their review by the Board

¹ 2008 (A/62/806), 2009 (A/64/355), 2010 (A/65/308), 2011 (A/66/379), 2012 (A/67/344) and 2013 (A/68/351).

of Auditors, as well as the preparation of IPSAS dry run financial statements as at 31 December 2013.

5. Mr. Chairman, you would recall last year, that the Committee expressed concern (A/68/508, para 10) regarding the absence of a common system for recording financial data and the risks associated with temporary adaptation of existing systems. The Administration is happy to report that the use of the transitional arrangements, including the new IPSAS parallel ledger in IMIS, was validated during the IPSAS dry run process for peacekeeping operations.
6. The progress report also highlights a major issue that developed in the first quarter of 2014 which was the backlog of bank reconciliation, payroll and accounts payable open items in Umoja, which posed a threat to the control environment of IPSAS. This risk was addressed by the deployment of expert staff from Headquarters to select field missions, as well as by realignment of resources at field missions; further some technical enhancements have been done in Umoja and hands on training was intensified in the field missions. Progress is monitored closely and the backlog has now been reduced to levels considered non-material for the financial statements.
7. For the other operations of the United Nations, opening balances, as at 1 January 2014, have been submitted by offices and are currently being vetted and consolidated. Further, the process of preparing dry run financial statements as at 30 June 2014 is in progress. We have made arrangements with the Board to review the IPSAS opening balances and status of the dry run for the Volume 1 financial statements during the month of October 2014. The staff at Headquarters here in New York continue to work collaboratively with the OAH teams supporting IPSAS and we are confident that all reporting entities, including Volume 1, UNEP, UNHabitat, UNODC, ITC, UNITAR and the tribunals will produce financial statements based on IPSAS by 31 March 2015.

8. Mr. Chairman, this progress has not come by accident but is attributable to strong project management, risk management and change management. IPSAS implementation tasks continued to be communicated to individual offices and missions and progress tightly tracked via a monthly reporting tool. The IPSAS Steering Committee continued strong oversight of the project during the reporting period, focused on managing key risks and issues, including linkages to the deployment of Umoja and the enhancement of legacy systems. Both the Management Committee and the Independent Audit Advisory Committee (IAAC) continued to review and closely monitor the project. As regards change management, the IPSAS and Umoja teams collaborated to deploy detailed financial statements preparation workshops to ensure field missions knew exactly what had to be done at the mission level to support IPSAS-compliant reporting.
9. We reported last year that, as Umoja is not fully deployed to support IPSAS, the first year's IPSAS-compliant financial statements for both peacekeeping and non-peacekeeping operations will be produced from IMIS using the IPSAS parallel ledger as the 'book of record'. As there has been a delay in the replacement of IMIS by Umoja at UN Headquarters, the strategy has been modified to also include the production of the second year of IPSAS-compliant financial statements from IMIS. As the Umoja deployment continues, the IPSAS and Umoja teams will continue to work towards reliance on Umoja as the backbone for IPSAS-compliant accounting and reporting.
10. Mr. Chairman, you would note that the progress report specifically requested the General Assembly to note the status of the IPSAS Benefits Realization Plan and the proposed framework for IPSAS sustainability.
11. The five major IPSAS benefit categories identified in last year's progress report have been detailed further and presented in a benefits realization plan that was endorsed by the IPSAS Steering Committee. The objective

of the plan is to define the individual benefit areas and associated Key Performance Indicators (KPI's), clarify related responsibilities for the KPIs and the actions and milestones for deployment of the plan. The next steps are approval of the plan by the Management Committee, training for the benefits managers and launching of the plan.

12. Mr. Chairman, I draw your attention to figure 1 showing that the post-implementation phase of the project includes work on IPSAS sustainability. The plan is to develop an IPSAS sustainability strategy based on lessons learned during the implementation phase, as well as experiences from other UN system organizations. A major sustainability activity identified is the strengthening of internal controls, including the issuance of a Statement of Internal Controls, as recommended by the Board of Auditors. Four additional sustainability work pillars have been identified and are presented in the report, including continued work on the regulatory framework and the systems and processes supporting IPSAS. These activities form the framework of the IPSAS sustainability plan which will be developed in 2015 and deployed in 2016.
13. These activities will continue to place heavy demands on the UN IPSAS team well beyond the implementation of IPSAS in 2014-2015. It is in this context, as well as in the context of the request expressed by the Committee (A/68/508, para 24), that the project continues to operate well within the indicative budget of \$27 million, so as to conserve resources for the sustainability period.
14. I would like to express my appreciation to the Board of Auditors for its engagement in supporting the finalization of the IPSAS policy on inventory as well as its work on the review of IPSAS opening balances for peacekeeping operations. I would also like to thank OIOS for its engagement in identifying potential implementation risks in a number of offices and missions.

15. Mr. Chairman, at the UN system-wide level, I am happy to report that twenty one of twenty four organizations that had already implemented IPSAS, have obtained a 'clean' audit opinion on their IPSAS-compliant financial statements for 2013. These organizations are now engaged in a range of post-implementation activities which are crucial for sustaining IPSAS compliance and ensuring the realization of the full benefits of IPSAS.
16. The remaining three organizations have an adoption date of 2014; all three: the United Nations Secretariat, FAO, and UNWTO are on schedule for production of their first IPSAS-compliant financial statements and have achieved several critical milestones, including successful establishment of IPSAS opening balances and deploying IPSAS dry run exercises.
17. The UN system organizations continue to meet at the CEB Task Force on Accounting Standards to share lessons learned from the IPSAS implementation and sustainability processes. Of note is a Working Focus Group on assets that leads collaboration among UN organizations to address post implementation challenges relating to property, plant and equipment and inventories.
18. I am here with my IPSAS team to respond to the Committee's questions and look forward to a fruitful interaction.
19. Thank you.