

# UNOPS International Public Sector Accounting Standards (IPSAS) Implementation Programme

This IPSAS briefing document provides an overview of why IPSAS is being implemented at UNOPS, how this process is carried out and an up to date progress report of what has been achieved to date within the IPSAS implementation programme.

## **1. Background & Benefits of implementing IPSAS**

UNOPS financial statements are currently prepared in compliance with United Nations System Accounting Standards (UNSAS).<sup>1</sup> While UNSAS were deployed on the basis of the then extant International Accounting Standards (IASs), current financial reporting should conform with accounting practices promoted by the International Public Sector Standards Board (IPSASB).

To address the continued relevance of UNSAS, the High Level Committee on Management (HLCM) of the United Nations System Chief Executives Board for Coordination (CEB) created a Task Force on Accounting Standards (Task Force) to determine whether the UN system should align itself with international accounting standards. The Task Force recommended the adoption of the International Public Sector Accounting Standards (IPSAS)<sup>2</sup> and HLCM subsequently accepted this recommendation in November 2005.

The UNOPS IPSAS implementation project is developed in response to the General Assembly decision on IPSAS and is an integral part of the United Nations system-wide IPSAS implementation. UNOPS implementation of IPSAS is thus an integral part of strengthening the quality and uniformity of financial reporting within the United Nations system.

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<sup>1</sup> UNSAS, which were developed internally by accounting specialists of the United Nations (UN) system organizations, have been in place since 1993. United Nations General Assembly Resolution 48/216 of 23 December 1993.

<sup>2</sup> IPSAS have been developed since 1996. IPSAS are available free of charge on IFAC's website, see [www.ifac.org](http://www.ifac.org).

For UNOPS IPSAS compliance will ensure complete and accurate financial reporting on an annual basis. Following benefits are envisioned through the adoption of IPSAS:

- **Greater transparency** due to more comprehensive and precise information on the use of resources and on the status of liabilities;
- **Strengthened accountability** through more frequent, accurate and complete financial reporting;
- **Improved management and planning** throughout the organization due to more better accounting practices for estimates of income and expenditure as well as more comprehensive information on assets and liabilities;
- **Strengthen the support for results-based management** through the provision of more comprehensive information on costs;
- **Harmonization of financial reports and statements across the UN System.**

## **2. The IPSAS Implementation Programme at UNOPS**

Although the IPSAS themselves are accounting standards it is critical to emphasize that implementing IPSAS is not an accounting project alone. The conversion to IPSAS will introduce changes across organisational business processes and practices as well as for general management within UNOPS. Ultimately UNOPS aim is that these changes will in collaboration bring the benefits envisioned with the adoption of IPSAS.

UNOPS will prepare its first set of IPSAS-compliant financial statements and note disclosures for the year ended 31 December 2012.

### **Governance of the IPSAS implementation at UNOPS**

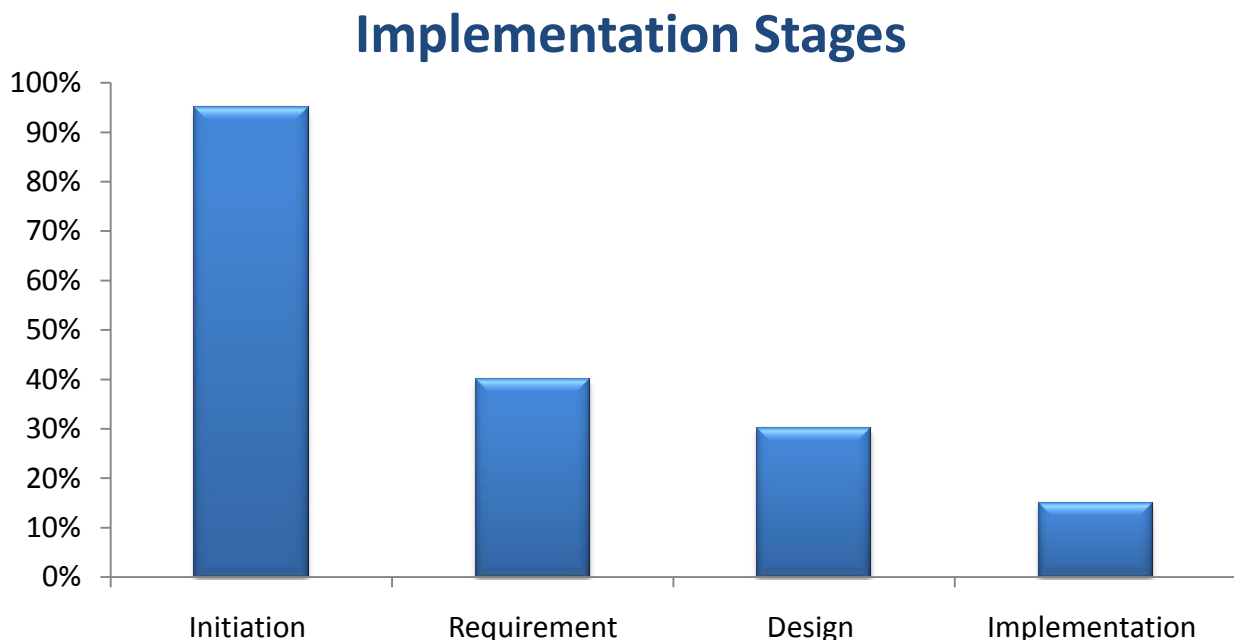
The IPSAS implementation is an integral part of UNOPS finance practice. It is supported through an IPSAS implementation support project as one of the five pillars of UNOPS's Change Programme. The Change Programme was launched in 2008 to focus and align corporate effort towards realizing UNOPS's strategic objectives. UNOPS formally initiated the IPSAS implementation support project under the Prince2 project management methodology in January 2009. As part of the project implementation, an internal **IPSAS project board** has been established. The Board is comprised of a project executive (UNOPS Deputy Executive Director), and senior users and suppliers selected from across UNOPS practices and geographical locations to ensure qualitative and substantive coverage of the implementation

project. A quality assurance process flow has been established for all key activities in the implementation process.

### The Implementation Process and Progress

On the policy side of the IPSAS implementation process UNOPS has updated Financial Regulations and Rules (FRR) as the first important step towards IPSAS compliant accounting policy. The new FRR is approved (Executive Board Decision 2009/4, Financial regulations and rules of the United Nations Office for Project Services) to take effect in February 2009.

On the project management side of the IPSAS implementation process UNOPS's IPSAS Project Board has approved a breakdown of the IPSAS implementation process into four main stages: (1) the initiation stage, (2) the requirements stage, (3) the design stage and (4) the implementation stage. Parts of these stages are overlapping throughout the implementation project. Below figure provides an estimated percentage to completion of the four stages in the implementation process.



UNOPS completed its initiation stage in 2009. Certain products delivered during this stage do however require continuous updates, in particular to account for new IPSAS<sup>3</sup> or developments within UN-IPSAS system wide team.

In requirement and design stage UNOPS have completed 30-35% of the work required. Focus has been placed on critical areas such as revenue recognition and PPE under IPSAS. The main thrust of the implementation stage will be executed during 2011. To date UNOPS has rolled out the asset management module in Atlas and is ready to meet the requirements of asset management under IPSAS.<sup>4</sup>

### **Link to UN-IPSAS system wide team**

Throughout its implementation process UNOPS strive to co-operate with other UN organizations on the IPSAS implementation processes. Hereby UNOPS seek to ensure harmonization, to the extent feasible, with other UN organizations, in both the interpretation of the standards and adoption of the methods employed to move towards IPSAS compliance.

UNOPS's IPSAS implementation project is governed, where applicable, by the work carried out through CEB, Finance and Budget Network and the Accounting Policy Task Force in the area of IPSAS. In addition to the guidance and support provided through the UN-IPSAS group, UNOPS is enrolled in the New York and the Vienna IPSAS Focus Groups in order to take part in IPSAS related discussions across UN organizations.

### **UNOPS timeline and going forward**

UNOPS is committed to making steady progress towards full compliance with IPSAS by 2012.

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<sup>3</sup> Or amendments to existing IPSAS.

<sup>4</sup> All UNOPS field location users have been trained in the use of the Atlas fixed assets module.

