

Statement of the Chairman
Advisory Committee on Administrative and Budgetary Questions
10 November 2011

**Fourth progress report on the adoption of
International Public Sector Accounting Standards (IPSAS) by the United Nations
and report of the Board of Auditors on IPSAS**

(ACABQ report: A/66/536 & related reports: A/66/379; A/66/151)

Mr. Chairman,

The Secretary-General's report (A/66/379) covers progress in the implementation of IPSAS throughout the United Nations system, including the activities of the system-wide and United Nations project teams.

Regarding the United Nations system-wide project activities, the main development during the reporting period was the transition to IPSAS by eight (8) additional organizations in 2010. The Advisory Committee noted that the remaining organizations were on track for implementation within their respective timelines. The Committee also took note of information provided on the challenges faced, lessons learned and the benefits realized by those organizations that implemented IPSAS in 2010. The Committee has encouraged the Secretary-General to continue to gather, analyze and disseminate such information, and to draw upon the experiences of the early implementers to further refine the implementation plans and strategies of the organizations that have yet to transition to IPSAS.

IPSAS implementation at the United Nations is critically dependent on the Enterprise Resource Planning (Umoja) system. The delay affecting Umoja is therefore a key factor impacting the United Nations IPSAS project. The Advisory Committee notes that the Secretary-General is proposing a revised and phased approach for Umoja implementation, focusing on IPSAS requirements in the first phase. Full implementation of Umoja is now planned for the end of 2015 instead of 2103. In addition, the Committee has also noted that, should there be further delays in implementing Umoja, contingency plans are being reviewed to produce the first IPSAS-compliant financial statements by the target dates using a combination of temporary solutions.

The Advisory Committee recognizes the importance of planning for contingencies. But it remains concerned that a significant amount of resources may be devoted to implementing temporary, unsustainable solutions that may not be sufficient to ensure successful IPSAS implementation. Temporary solutions may also divert vital resources away from the implementation of Umoja. The Committee has therefore emphasized the need for strict oversight

over the implementation of the IPSAS, as well as effective mechanisms for the rapid resolution of issues arising on a day-to-day basis so as to contain costs, avoid further delays and ensure that a viable solution is put into place. The Advisory Committee has also emphasized the need for full collaboration and coordination of all project activities among the numerous actors involved in the implementation of the project.

Notwithstanding the additional risks posed by dependency on Umoja, the Committee has noted that there has been progress achieved in finalizing the framework of IPSAS-compliant accounting policies. It further noted that the focus of the project team has now shifted from policy development to implementation. The Secretary-General has also identified key risks to IPSAS implementation and is taking measures to mitigate those risks.

Mr. Chairman,

The Advisory Committee has welcomed the first report (A/66/151) of the Board of Auditors dedicated to progress in the implementation of IPSAS. In the Committee's view, the Board's report provides the General Assembly with valuable information on key issues and the status of IPSAS implementation at the United Nations, the funds and programmes and other entities. The Committee considers that the Board has an important role to play in providing advice and guidance to the implementing entities on an ongoing basis. It also believes that close collaboration between the Board of Auditors and the concerned entities must be sustained throughout the implementation process in order to ensure successful transitions to IPSAS, including review of "dry run" financial statements in the year prior to full IPSAS implementation.

The Advisory Committee shares the Board's view that the achievement of unmodified audit opinions alone will not signal successful IPSAS implementation. Equally important are the benefits to improved decision-making and more cost-effective delivery of programmes and services. As recommended by the Board of Auditors, the Committee expects that the Secretary-General will develop a benefits realization plan. It also encourages the Secretary-General to actively pursue efforts in developing a business culture focused on improved performance and effectiveness as the Organization transitions to IPSAS.

I thank you, Mr. Chairman.