

UNITED NATIONS



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**Agenda item 134**  
**Proposed programme budget for the biennium 2016-2017**

**Eighth progress report on the adoption of the International Public Sector Accounting Standards by the United Nations (A/70/329)**

**FIFTH COMMITTEE**

Statement by  
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27 October 2015

Mr. Chairman,  
Distinguished delegates,

1. I have the honour to introduce the eighth progress report of the Secretary-General on the adoption of the International Public Sector Accounting Standards –IPSAS.
2. The report announces the successful implementation of IPSAS at the United Nations, provides an outlook regarding long-term IPSAS sustainability for the Organization, and presents progress on IPSAS benefits realization. Further, the report reviews the progress of IPSAS implementation throughout the United Nations system.
3. I am pleased to inform you, Mr. Chairman, Distinguished Delegates, that the United Nations has issued its first full set of IPSAS-compliant financial statements with an unqualified audit opinion for each of the thirteen<sup>1</sup> financial reporting entities of the Organization. The report before you celebrates this major accomplishment.
4. For the first time, the Organization has reported property, plant and equipment, inventories and intangible assets on the face of the financial statements; also for the first time, allowance accounts have been created to better reflect anticipated future cash flows from long outstanding receivables. In preparation for IPSAS, the Organization had already recognized its long-term employee benefits liabilities of ASHI, unused annual leave and accrued repatriation benefits; in 2014, the Organization, for the first time, also recognised its employee benefits liabilities relating

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<sup>1</sup> The Organization produces thirteen sets of financial statements: the United Nations Non-Peacekeeping Activities (Vol 1), the Peacekeeping Operations (Vol II), the International Trade Centre, the United Nations University, the United Nations Institute for Training and Research, the United Nations Compensation Commission, the United Nations Environment Programme, the United Nations Human Settlements Programme, the United Nations Office on Drugs and Crime, the International Tribunal for the Former Yugoslavia, the International Criminal Tribunal for Rwanda, the International Residual Mechanism for Criminal Tribunals, and the United Nations ESCROW account established under the provision of Security Council resolution 1958(2010).

to its Appendix D Workers Compensation programme. For the first time, provision for valid claims against the Organization has been recognized and expenses are now recorded in the financial statements only when goods or services have been received, not when commitments are made; further, expenses related to depreciation/amortization/impairment of assets are now reflected in the financial statements. The financial statements note disclosures have been significantly enhanced, communicating, inter alia, information on risks related to financial instruments, information by segments and information on related parties. In order to effect this IPSAS-compliant reporting, the underlying processes had to be significantly strengthened.

5. Mr. Chairman, Distinguished Delegates, this progress has not come by accident; the IPSAS Steering Committee continued strong, risk-based, oversight of the project. The Management Committee continued to provide strategic direction and commitment to management reform by endorsing the IPSAS Benefits Realization Plan and the IPSAS Sustainability Plan. The Independent Audit Advisory Committee (IAAC) continued to review and closely monitor the project. And the IPSAS Implementation Team focused on ensuring that deliverables were on track, while collaborating with the Umoja team to deploy detailed financial statements preparation workshops to ensure that all offices were equipped to support IPSAS-compliant reporting.

6. To guide the efforts in the post implementation phase an IPSAS Sustainability Plan was developed. The efforts to put IPSAS on a sustainable basis are ultimately aimed at embedding structures and processes which support on-going IPSAS compliance and make IPSAS part of day to day operations, while at the same time ensuring the realization of the benefits of IPSAS. Details of the sustainability plan have been included in the progress report.

7. Mr. Chairman, Distinguished Delegates, the challenge now is to ensure that the IPSAS-triggered information is used to better manage the Organization. To this end, a formal IPSAS benefits realization plan has been deployed, which comprises fifteen envisaged benefits to be realized across the five major strategic benefit categories. For each benefit, one or several key performance indicators have been defined to measure progress towards benefits realization. The report has outlined some of the benefits already achieved while pointing out that longer-term benefits, particularly those related to financial decision making and financial risk management, will require several financial periods to better assess trends and subsequently use the analysis of these trends for decision making.

8. Sustaining IPSAS compliance requires strengthening the effectiveness and comprehensiveness of the current internal control framework; to address this, the Board of Auditors has recommended the introduction of a Statement on Internal Controls (SIC). The SIC will be piloted in selected offices and missions before being launched Organization-wide by 2018. This strengthening of internal controls will be fully integrated into the existing Enterprise Risk Management framework.

9. The expenditure to 30 June 2015 is within the indicative cumulative budget of \$27 million previously communicated for the implementation of IPSAS. Sustainability activities will be financed through the Support account budget for 2015/16 adopted by the General Assembly in June 2015, as well as via the proposed Regular Budget for the biennium 2016/2017.

10. During the reporting period UNWTO and FAO also achieved IPSAS compliance for the first time; now the entire set of UN system organizations is IPSAS-compliant for the 2014 financial year. This, Mr. Chairman, Distinguished Delegates, is an historic achievement.

11. Representatives of the United Nations Secretariat will be available during the informal consultations to respond to the questions the distinguished Delegates of the Committee might have regarding the subject report of the Secretary-General.

Mr. Chairman, Distinguished Delegates, I look forward to the discussions on this item.