



UN
DP

SPACE STORIES OF THE FUTURE

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IPSAS FAQ

IS IT A BIRD?

IS IT A PLANE?

NO! IT'S A DEPRECIABLE ASSET!



WHAT ARE IPSAS?

International Public Sector Accounting Standards are independently-developed financial reporting standards. They are widely considered best practice for public sector organizations, as they impose the most stringent requirements of clarity and transparency.

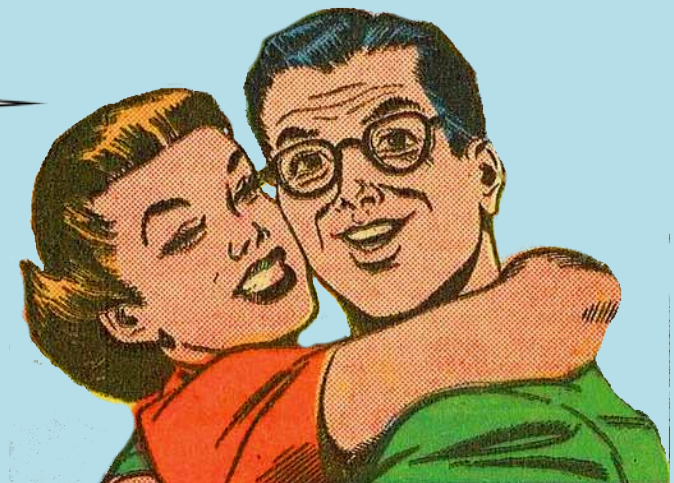
Over 50 governments have adopted IPSAS or are in the process of doing so. IPSAS standards are also used by the North Atlantic Treaty Organization (NATO) and the Organization for Economic Cooperation and Development (OECD), and they are supported and promoted by the World Bank. The European Commission (EC) also uses IPSAS-like standards. IPSAS standards are based on **full accrual accounting** (see *opposite*), in contrast to the United Nations System Accounting Standards (UNSAS) we currently use, which are based on a modified accrual method.



WHEN WILL WE ADOPT IPSAS?

We will adopt IPSAS standards in 2012.

For more details see the timeline and adoption plan on the IPSAS website.



WHAT IS ACCRUAL ACCOUNTING?



Full accrual accounting means only recognizing a financial event when the underlying economic event has actually occurred.

Thus, we will record goods or services not when we issue a purchase order for them – as now – but when we actually receive those goods or services. The method also requires the full capturing of benefits and liabilities. Our financial reports will therefore have to show information previously left out, such as how much UNDP owes in staff ben-

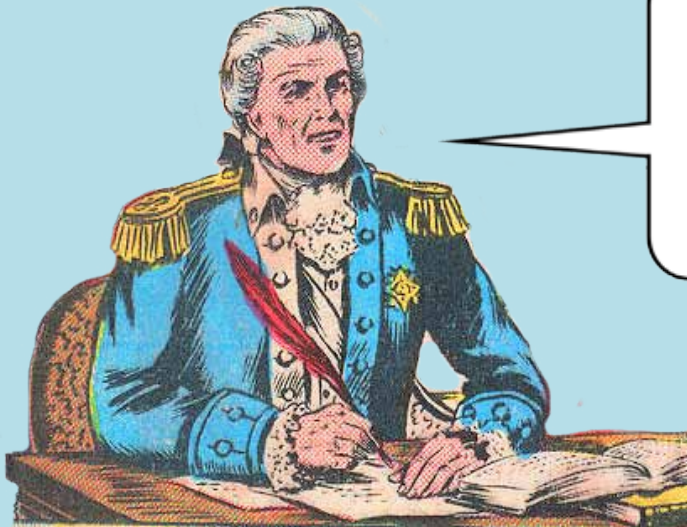
efits. And whereas now we only report on fixed assets (such as office equipment) at the time we buy them, under IPSAS we will have to **depreciate** those assets (that is, report their loss of value) over their useful life.



WHAT DIFFERENCE WILL IPSAS MAKE TO UNDP?

To make the move to full accrual accounting, UNDP will have to change a number of its financial policies and procedures, along with its financial reports and statements.

That in turn will mean changing the work of many Finance staff members and modifying our information system, Atlas. Non-Finance staff will also be affected. Managers in all departments will have to change the way they plan and record their spending. The result, among many other benefits, will be a marked improvement in the quality and completeness of UNDP's reporting.



HOW ARE IPSAS BEING ADOPTED IN UNDP? WHO IS RESPONSIBLE?

UNDP's IPSAS Programme is structured according to PRINCE2, an internationally recognized project management methodology.

An IPSAS Board oversees, advises and guides the Programme. It comprises the Director of the Office of Finance & Administration, the Director of the Office of Information Systems and Technology and representatives of various central Bureaux at HQ. The Programme is led by the Director of the Bureau of Management and is overseen on a daily basis by a full-time Programme Manager, who liaises closely with other HQ units and field offices. For a complete programme organigram, see the IPSAS website.

The IPSAS Programme is based on three fundamental pillars: financial policy and practice (the definition and implementation of IPSAS standards), change management (organizational change, process reengineering, learning and communication), and IT system changes (the re-configuration of Atlas). The Programme is global in nature, serving UNDP, UNIFEM, UNCDF, UNV, with UNU, UNFPA and UNOPS as partners.

WHAT DO OUR DONORS THINK ABOUT IPSAS?

They are keenly supportive of IPSAS adoption.

In 2006 they, along with the other countries of the UN General Assembly, passed resolution 60/283, mandating IPSAS adoption by all United Nations bodies.

Our improved financial reporting will enable them to see more clearly how their donations are being used. We, UNFPA and UNOPS report jointly on the status of our IPSAS adoption programmes to each session of our Executive Board.



***WHAT ARE THE
BENEFITS OF
ADOPTING
IPSAS ?***



IPSAS compliance will ensure that UNDP's financial reports will give a complete and accurate picture of its financial situation. Therefore, adopting IPSAS will mean:

- **Improved accountability**, as we will be providing a complete and accurate view of UNDP's business and performance
- **Greater transparency** over the use of resources given to us by donors and liabilities
- **Greater credibility**, as we will be using the same accounting standards as many governments.
- **Improved overall management and planning** as a result of more precise estimates of income and expenditure
- **Improved programme management**, as IPSAS supports the results-based management approach
- **Harmonization of reports and statements across the UN system.** This will enhance UN's ability to act in unison towards key global objectives, including the Millennium Development Goals.

***I DON'T WORK IN
FINANCE OR
PROCUREMENT. WHY
SHOULD IPSAS
INTEREST ME?***



Because IPSAS may still affect your work.

If you are in any way involved with any UNDP project, or in any area of administration, IPSAS will change the way your work is reported, so you may well find yourself gathering new information or presenting existing information in a new way.

If you deal with donors, you may have to explain to those donors important changes in donor reports. More generally, you may well find that by improving UNDP's transparency, IPSAS has opened up your work to greater scrutiny.

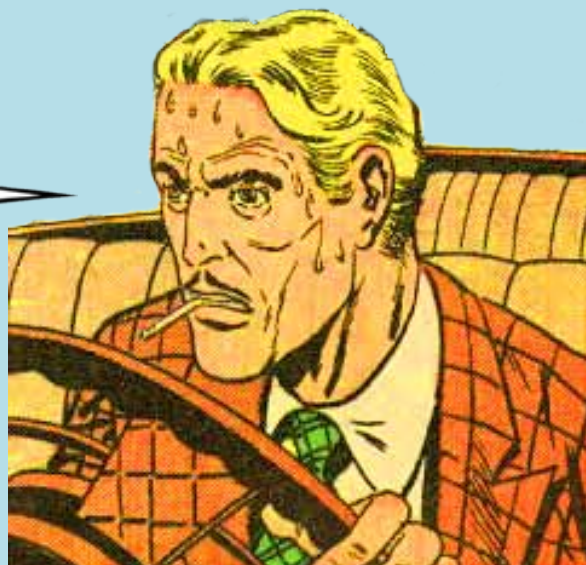
***RIGHT NOW I CAN'T BUY ANYTHING UNTIL THE
CASH FOR IT IS IN THE ACCOUNT. WILL IPSAS
CHANGE THIS?***



No. As now, you will not be able to spend money until you have received it.

IPSAS will not change the way we spend money. IPSAS will change the way we **record** and **report** our business.

***IS THE IPSAS
PROGRAMME
ON SCHEDULE?
I HEARD IT HAD
BEEN DELAYED.***



Although General Assembly resolution 60/283 imposed no specific date for IPSAS adoption, UNDP and the other Atlas partner-agencies had originally planned to adopt IPSAS in January 2010.

However, after careful consideration by the senior management team, UNDP has decided to reschedule its IPSAS implementation to 2012.

The key consideration has been to mitigate risks arising from multiple competing organization-wide change initiatives, particularly the UN system-wide implementation of UN Contractual Reform, the new system of Administration of Justice (both scheduled for 2009) and the scheduled migration of the Atlas system from IBM to the United Nations International Computing Centre (UNICC). 2010 IPSAS adoption would have over-stretched UNDP's capacity to absorb so many new and simultaneous corporate initiatives, particularly in the context of the global financial crisis, which is constraining resources, budgets and staffing across the organization.

UNDP believes that the disadvantages of rescheduling will be greatly outweighed by benefits and opportunities:

- 2010 adoption would have required intensive face-to-face training for staff in many UNDP Regional and Country Offices. 2012 adoption will allow the organization time to develop less costly training methods, such as e-learning.
- The extra time will allow Country Office finance personnel to enhance their professional skills and develop greater familiarity with IPSAS.
- UNDP will be able to carry out other preparatory activities such as data collection and data cleansing more thoroughly and effectively over the longer time-frame.
- The extra time will permit the implementation of a richer and more effective IPSAS communications strategy than would otherwise have been feasible.
- Greater refinement of business processes will be possible, through reengineering them not only for IPSAS compliance but also for greater operational effectiveness.



**WHERE CAN
I FIND OUT
MORE ABOUT
IPSAS?**

**The IPSAS web contains a great deal of material
on UNDP's IPSAS adoption:**

<http://practices.undp.org/management/ipsas/index.shtml>

The web is in English, French and Spanish. It also has links to useful external sites such as the UN page on accounting standards and the site of the International Public Sector Accounting Standards Board.

If none of these pages provides the information you need, contact UNDP's IPSAS team:

ipsas@undp.org

