



## Economic and Social Council

Distr.: Limited  
9 July 2010

Original: English

**For information**

---

### United Nations Children's Fund

Executive Board

**Second regular session 2010**

7-9 September 2010

Item 14 of the provisional agenda\*

### **Progress report on implementation of the International Public Sector Accounting Standards**

#### *Summary*

The General Assembly, in resolution 60/283 of 17 August 2006, approved the adoption by the United Nations of the International Public Sector Accounting Standards (IPSAS). The present report informs the Executive Board of progress made in the implementation of IPSAS by UNICEF, in accordance with Executive Board decisions 2007/3 and 2009/7.

---

\* E/ICEF/2010/15.

## Introduction

1. Since 2006, when the General Assembly approved the adoption of the International Public Sector Accounting Standards (IPSAS) by the United Nations, UNICEF has regularly updated the Executive Board on its implementation of IPSAS: through formal reports in 2007 (E/ICEF/2007/AB/L.12), 2008 (E/ICEF/2008/AB/L.10) and the first regular session of 2010 (E/ICEF/2010/AB/L.2), as well as verbal updates in 2009.
2. In decision 2009/7, the Executive Board requested that UNICEF ensure implementation of IPSAS no later than 2012 and to make the IPSAS implementation plan available on the UNICEF website.

## Progress towards implementation

3. One of the key lessons learned from the “early adopter” organizations within the United Nations system is that IPSAS adoption is a complex change process. For UNICEF, the IPSAS adoption is one of several organizational improvement initiatives, which also includes Enterprise Resource Planning (ERP) implementation. Successful adoption requires comprehensive, integrated and continuous planning.
4. The high-level approach to IPSAS implementation by UNICEF is advanced in four areas of transition: (a) policy development; (b) change management; (c) systems adaptation; and (d) report preparation.
5. **Policy development.** Based on the technical accounting standards of IPSAS and drawing on the interpretative guidance provided by the United Nations system-wide project team, UNICEF identified 16 key topics requiring significant policy development to support implementation. Policy positions for each of these topics were approved by ‘business process owners’ within UNICEF and endorsed by the IPSAS Project Board in early 2010.
6. Subsequently, these policy positions and related policy supplements were discussed in a series of meetings with the external auditors. Formal audit assurance on the policy positions will not be provided by the external auditors until the audit of the IPSAS-compliant financial statements has been completed in 2013. However, obtaining early feedback from the external auditors is critical both to identify emerging policy issues and to confirm the validity of the policy framework as the basis for the design of VISION, the IPSAS-compliant ERP system of UNICEF.
7. **Change management.** Following completion of the policy positions, implementation planning commenced. In the first quarter of 2010, teams comprising representatives of the business areas, process and systems specialists from the VISION project and technical specialists from the IPSAS project collaborated to identify the activities required to implement IPSAS.
8. One of the outputs from this process is a series of detailed plans for each key topic. Each detailed plan comprises activities which fall into four areas: (a) operational policy, procedure and guidance to be developed or revised; (b) systems and business process requirements; (c) data preparation; and (d) reporting. The plans will be used to prioritize and direct the activities to be progressed to achieve IPSAS compliance by 2012 and to integrate fully the requirements for IPSAS

implementation into other ongoing improvement initiatives<sup>1</sup> within UNICEF — the regulatory framework, business process improvement and system design for VISION.

9. The detailed plans were also used to inform discussion and reach agreement on roles and responsibilities for the activities to support IPSAS implementation and other improvement initiatives within UNICEF.

10. Communication activities have progressed through 2010. Newsletters have been released on several key topics in English, French and Spanish, with introductions from senior leaders in their respective business areas of UNICEF. Plans are being developed in collaboration with regional offices to issue guidance on preparatory activities and to facilitate better understanding of several key topics in the second half of 2010. Drawing from the materials prepared by the United Nations system-wide IPSAS project team, learning materials will be developed to include UNICEF-specific business processes, experience and examples, and to meet the specific needs of the UNICEF target audiences.

11. Training on the business processes supporting IPSAS implementation will be fully integrated into the training for the VISION application and performance management system. This training will be rolled out progressively, starting in the second quarter of 2011.

12. **Systems adaptation.** In the second quarter of 2010, the Project Board endorsed a recommendation to change the strategy for rolling out VISION. Now, VISION will be implemented simultaneously with IPSAS in January 2012 rather than, as previously proposed, in a phased manner throughout 2011. The recommendation resulted from a risk analysis completed by specialists from the VISION and IPSAS projects and from the UNICEF Information Technology Solutions and Services (ITSS) group. Simultaneous implementation provides more time for preparatory activities to be completed, allows improved sequencing of preparatory activities, promotes the more efficient use of the allocated resources, and eliminates the complexity of financial reporting compliant with United Nations system accounting standards (UNSAS), using a system designed for IPSAS in 2011.

13. The first prototype VISION system was available for review at UNICEF Headquarters by staff members from Headquarters and field offices in March 2010. Based on this review and, subsequently, on the systems and business process requirements identified in the detailed implementation planning process for IPSAS, system development activities have progressed and are scheduled for completion by August 2010.

14. The IPSAS and VISION teams will continue to coordinate their activities to ensure that the system is quality-assured for IPSAS compliance through the system-testing phase planned for the last quarter of 2010.

15. **Report preparation.** The changes resulting from IPSAS implementation will be reported through new IPSAS-compliant financial statements. The first statements will be for the year 2012, to be presented at the 2013 second regular session of the Executive Board, as requested in Executive Board decision 2009/7.

---

<sup>1</sup> Update on the organizational improvement initiatives (E/ICEF/2010/13).

16. UNICEF is planning to increase incrementally the financial reporting requirements for headquarters and field locations for the years ending 31 December 2010 and 31 December 2011 to develop a better understanding of data collection requirements and to build capacity across the organization. Financial statements prepared during this period will comply with UNSAS. The additional data collected will be used to further inform improvements to business processes in anticipation of IPSAS implementation.

17. The partnership between UNICEF and its external auditors is critical to the success of IPSAS implementation. Developing a comprehensive understanding of IPSAS and its implications is as much a challenge for the external auditors as it is for the United Nations system. A roadmap of oversight and audit activities to guide this partnership will be outlined at the planning visit to be conducted by the external auditors in August 2010.

### **Summary**

18. As implementation activities progress, UNICEF acknowledges the important role played by senior management in leading this change, the critical partnership with external auditors and other advisors, the requirement to use available resources efficiently and to ensure integration of IPSAS requirements into the other UNICEF improvement initiatives, and the need to communicate the changes and their impact to internal and external stakeholders, including the Executive Board.

---