

Генеральная ассамблея

Двадцать первая сессия
Медельин, Колумбия, 12-17 сентября 2015 года
Пункт 8 II) b) предварительной повестки дня

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Мадрид, 13 сентября 2015 года
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Доклад Генерального секретаря

Часть II. Административные и уставные вопросы

b) Финансовое положение Организации

Добавление 1

Служебное письмо Объединенной инспекционной группы (ОИГ) “Усилия ЮНВТО по обеспечению соблюдения МСУГС”

I. Введение

1. В связи с Обзором системы управления и административной деятельности ЮНВТО, проведенным в 2014 году (JIU/REP/2014/5) и рассмотренным на девяносто восьмой сессии Исполнительного совета, Объединенная инспекционная группа (ОИГ) подготовила служебное письмо, в котором основное внимание уделено теме “Усилия ЮНВТО по обеспечению соблюдения МСУГС”, и которое включено в настоящий документ в виде приложения. Членам предлагается представить свои соображения по указанному письму Генеральному секретарю.

II. Меры, которые необходимо принять Генеральной ассамблее

2. Генеральной ассамблее предлагается:

- a) с признательностью принять к сведению служебное письмо Объединенной инспекционной группы (ОИГ) “Усилия ЮНВТО по обеспечению соблюдения МСУГС”; и
- b) поздравить Генерального секретаря и Группу по МСУГС с успешной реализацией проекта МСУГС и просить Генерального секретаря продолжать осуществлять последующий этап этого проекта, включая необходимую техническую модернизацию имеющихся в Секретариате финансовых инструментов.

Приложение. Служебное письмо Объединенной инспекционной группы (ОИГ) "Усилия ЮНВТО по обеспечению соблюдения МСУГС"

JIU/ML/2015/2

MANAGEMENT LETTER ON UNWTO EFFORTS TOWARDS IPSAS COMPLIANCE

Prepared by

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Geneva 2015



United Nations

Background

1. When visiting the headquarters of the World Tourism Organization (UNWTO) in October and November 2013 in the framework of the preparation for the JIU report on the follow-up inspection to the 2009 Management and Administration Review of the World Tourism Organization (MAR in UNWTO) presented to the 98th Executive Council in June 2014,¹ the Inspector was impressed by the quality, the quantity and the diversity of the preparatory work undertaken and achieved in order to prepare the UNWTO for the implementation of the International Public Sector Accounting Standards (IPSAS), as a result of previous decisions made by its Executive Council. Considering the low level of the project funding and the grade (P3) of the person in charge of it, the Inspector decided to check how UNWTO complied with the three recommendations and 16 benchmarks (called best practices) indicated in the report of the Joint Inspection Unit (JIU) on the IPSAS.² The present Management Letter presents the Inspector's conclusions.

NB: For various reasons, the definitive edition of the present Management Letter, written in April 2014 was only finalized in June 2015. Its unique recommendation has been dealt with in another manner by the UNWTO Administration.

The transition to IPSAS implementation

2. In 2006, under the circumstances pictured in the above-mentioned JIU report on IPSAS, the United Nations system authorities (the High Level Committee on Management of the Chief Executives Board for Coordination (CEB HLCM)), following the 2005 decision of an interagency Task Force on Accounting Standards, recommended the adoption by the United Nations system organizations of the new IPSAS standards. The United Nations Secretary-General's report A/60/846 viewed such adoption as a vital component of the United Nations drive to excel as a modern and progressive organization, and emphasized the benefits for improved governance, accountability and transparency. On 7 July 2006, the United Nations General Assembly by its resolution 60/283 (IV) approved the adoption of IPSAS by the United Nations.

3. UNWTO Executive Council approved the adoption of IPSAS the same year (2006)³ and the progressive adoption of the standards in 2010-2011.⁴ On 8 May 2009, the Executive Council agreed to the utilization of the reserve fund for the replacement of fixed assets⁵ to finance their implementation.⁶ It further agreed that the UNWTO should take steps aiming at ensuring that these new accounting standards would be adopted as soon as possible.⁷ The United Nations, the Food and Agriculture Organization (FAO) and UNWTO were targeting 2014 as their first year of IPSAS accounting. Their compliance is expected to be checked by the respective External Auditors (EAs) during the following year. The significant challenges

¹ Ref CE/98/3(II)(e).

² JIU/REP/2010/6 at www.unjiu.org or A/66/308 at www.documents.un.org; Preparedness of United Nations system organizations for the International Public Sector Accounting Standards (IPSAS), Chapter II: Towards IPSAS (Paragraphs 9 to 28) (to be found in www.unjiu.org).

³ CE/81/DEC.

⁴ CE/DEC/7 (LXXXV).

⁵ A Replacement Reserve was provided for by DFR VI.21 to compensate the depreciation determined for the non-expendable fixed assets and intangible assets acquired in previous financial years, so funds are available for their replacement, the acquisition of new ones and the improvement of the infrastructure and / or administrative support.

⁶ The Inspector checked that it effectively supports the planning, budgeting and implementation of the various activities of the IPSAS project.

⁷ CE/95/3(II)(a).Add1: progress report and amendments, 03-04-2013, 94 p (para.3).

met by these organizations confirmed the doubts and information containing in the JIU report on IPSAS, indicating that many organizations, including the United Nations, took their 2006 political decision without realizing the degree and variety of tasks and difficulties in their path to IPSAS. As a result, several of them (including the United Nations) had to postpone the targeted date of their IPSAS fully compliant first financial period and its validation by the respective EAs.

4. However, in December 2013, 21 United Nations system organizations had completed their IPSAS implementation successfully. All of them have received unqualified audit opinions on their first as well as successive IPSAS-compliant financial statements, attesting to the collective ability of the United Nations system organizations to sustain IPSAS compliance, despite the numerous post-implementation challenges and the adoption of “transitional provisions” for specific standards.⁸

The strategy

5. In view of the **lack of action by UNWTO from 2006 to 2008 to undertake the required action in this respect**, the JIU 2009 MAR in UNWTO included **recommendation 12**: *“The Secretary-General should elaborate a detailed phased work plan, including necessary resources, for the implementation of IPSAS and submit it to the General Assembly for approval.”*

6. In 2010, a serious **gap analysis** was done by the expert who had led the World Food Programme (WFP) through the first successful attempt within the United Nations system;⁹ he compared the existing administrative, accounting and information technology (IT) actual situation with the requirements of IPSAS. As a result, the UNWTO secretariat submitted the report CE/88/5(a) to the Committee on Budget and Finance (CBF) and obtained the support of the Executive Council through its **decision CE/DEC/5/LXXXVIII which outlined the strategy, the structure, the work plan and the major impact areas and the revised plan to prepare UNWTO to become IPSAS-compliant** in 2014.

7. As recommended by the above mentioned JIU report in its recommendation 12, **a work plan was carefully elaborated**. It included:

- **pre-phase** (2009-2010), consisting essentially of establishing the (classical and long due) separation of roles in the financial administration, and reviewing the IT infrastructure to be used by the IPSAS project. As required by IPSAS, UNWTO introduced a new financial model which separated budgetary information/commitments from accounting and manages data according to the accrual accounting and delivery concepts.¹⁰ The improvements were made from 2010 to the first half of 2012, including migrating the **Financial and Management Information System (FMIS) to a superior software** (Oracle Forms 10g). In fact, later than planned, the IPSAS team developed the document entitled *UNWTO Financial Management Information System (FMIS) Specifications*, dated December 2012, to determine IT specifications in the modification of UNWTO FMIS in the pre-IPSAS and main IPSAS phases.
- **main phase** (2011-2014) consisting in the multifaceted preparatory work necessary to achieve, at the end of 2014, IPSAS-compliant Financial Statements (FS). This required:

⁸ CEB/2014/HLCM/9, para. 6.

⁹ Project story described in annex IV of JIU/REP/2010/6 under the title “A success story the WFP process”.

¹⁰ JIU/REP/2010/6 or A/66/308, para.29-26.

- a) a new accounting policy and practice (adoption of a new Charter of Accounts, new procedures and processes) and an in-depth management change;
- b) reviewing the applicable regulatory frameworks (Statutes of UNWTO and its Financing Rules, finally not requiring changes), amended Financial Regulations (FR),¹¹ and Detailed Financial Rules (DFR), which have required a thorough review to avoid any conflict with IPSAS requirements;¹²
- c) opportunely improving other provisions as, for instance, to strengthen procurement or other UNWTO regulations and rules for consistency;¹³ and
- d) training the managers and the staff for awareness and/or technical knowledge and a regular flow of communication/information with the Executive Council of UNWTO, the United Nations system (the CEB HLCM and the United Nations Task Force on Accounting Standards (UNTFAS) and the External Auditors.

In March 2013, an IT company was hired to develop the IT changes into the FMIS. Based on the *UNWTO FMIS Specifications*, a second functional analysis was made between the IPSAS team and the IT contractor for each module of the new system.

- **post-phase**, which would allow sustaining the compliance with IPSAS and benefiting from its expected advantages. The decision to establish an Enterprise Resource Planning (ERP)¹⁴ was foreseen to be subject to a rigorous cost benefits analysis during that phase.

8. Therefore, **recommendation 12 of the JIU 2009 MAR in UNWTO has been fully accepted and implemented.**¹⁵ However, for years, the lack of financial and human resources had delayed its effective undertaking. Until 2010, only one professional was in charge of this activity in addition to other tasks; the project team started the effective work in the beginning of 2011 and at full steam in 2012. Moreover, the Inspector could appreciate that detailed documents had been produced, with the help of the UNTFAS guidance, to implement the IPSAS project plan, elaborating on the tasks, their planned and actual deadlines, regularly produced and updated degree of achievement, main costs and the mention of the overall balance for the reserve fund used to this end.¹⁶

¹¹ A/RES/598(XIX), 13-10-2011.

¹² Three successive sets of amendments were drafted and submitted to the External Auditors and the competent organs: Committee on Budget and Finance (CBF), then Programme and Budget Committee (PBC) since its creation and EC for information and comments before approval by the Secretary-General.

¹³ CE/DEC/7(XCIII), and CE/DEC/8 (XCIV) in 2012 CE/DEC/8(XCV) and CE/DEC/5(XCVI) in 2013. Annex 1 of the Report CE/95/3/(II)(a) Add.1 shows all amendments proposed in 2013 by the Secretary-General and adopted by the EC (see CE/DEC/8(XCV)) concerning the FR and DFR). But, while the IPSAS are clearly imposing a number of changes in the accounting concepts and vocabulary, UNWTO seems sometimes anxious not to change too drastically its language from the time of cash basis United Nations System Accounting Standards.

¹⁴ “ERP systems provide standard applications to manage the financial, human and physical resources of a user Organization, integrating data and business processes under a unified information system sharing a common set of data”. See JIU/REP/2012/8, para. 2.

¹⁵ Annex I below gives a more detailed rendition of the plan implementation.

¹⁶ CE/DEC/7(LXXXV), 2009.

Governance and Human Resources of the UNWTO IPSAS project

9. Concerning the project governance, the first experience of an officially announced “steering group”¹⁷ (which met only one time in 2010) was disappointing. Since 2012, the Senior Management Team (SMT) met at least two times on the subject. The responsibility for implementation is with the Director of Administration under the overall supervision of the UNWTO Secretary-General.¹⁸ Retrospectively, the latter could rightly state that ensuring implementation of IPSAS-compliant financial information and statements raised “*formidable challenges in introducing required changes in policies, procedures and systems and requires considerable investment in time and resource.*”¹⁹

10. The effectiveness and efficiency of the leadership materialized through several meetings per year of a three-level restricted group composed by the Secretary-General with his political weight and personal commitment, the Director of the Administration with his wide view of all administrative procedures, and the professional staff member leading the project team. This team was progressively enhanced by qualified collaborators: one accounting specialist and two deputies. The author of the gap analysis continues to watch over the operations and visits sometimes in this respect the UNWTO headquarters for short periods of time.²⁰ The project took advantage of the above-mentioned JIU report on IPSAS and, above all, from the fact that most issues to be met in Madrid had been discussed within the United Nations Task Force on Accounting Standards (UNTFAS) and became the subjects of its guidance and working papers, implementing one of the roles embedded into its four strategic orientations.²¹

11. On 23 December 2013, the Secretary-General of UNWTO issued a circular (NS/775) regarding the approval and entering into force from 1 January 2014 of the UNWTO Financial Rules and Regulations (FRR), UNWTO IPSAS Policy Guidance Manual (PGM), UNWTO Accounting Manual and UNWTO IPSAS-related Operational and Management Procedures.

The implementation of the JIU benchmarks and recommendations on IPSAS at UNWTO

12. The JIU report on IPSAS²² contained three recommendations which are used as quotations hereafter to assess the reform undertaken by UNWTO in this respect.

“Recommendation 1: The legislative bodies should request their respective executive heads to issue regular progress reports on the implementation status of IPSAS.”

13. The transition to IPSAS, while sometimes quite technical, could not be conducted by the secretariat in isolation from the UNWTO membership: **it had to be – and the Inspector**

¹⁷ CE/88/5(a)/ point 4 regarding “Progress report on the implementation of International Public Sector Financial Standards (IPSAS)” reads: “An IPSAS Steering Group comprising the senior management of the Organization has been established in order to support and enable the implementation of the IPSAS project within the secretariat. This structure is presented in annex IV of the document”. Decision CE/DEC/7(LXXXV) takes note of the above.

¹⁸ CE/93/5(b) add.1 Progress report on the implementation of International Public Sector Financial Standards (IPSAS). Decision CE/DEC/7(XCIII) takes note of the above.

¹⁹ CE/95/3/(II)(a) Add.1: IPSAS progress report and amendments to the Detailed Financial Rules (3 April 2013), para.7.

²⁰ The Inspector met him during his own mission October 2013;

²¹ Those are: (a) facilitation and communication; (b) IPSAS Board monitoring and follow-up activities; (c) coordination of accounting diversity; and, (d) guidance and support discussion and guidance documents.

²² JIU/REP/2010/6 at www.unjiu.org or A/66/308 at documents.un.org : “Preparedness of United Nations system organizations for the International Public Sector Accounting Standards (IPSAS)”.

asserts that it was - accepted, endorsed and encouraged by the Member States who had launched the process in 2006. Since the beginning of the project, the Secretary-General has regularly reported to them on the progress made in the implementation of IPSAS as well as the required amendments to the UNWTO FRRs and DFRs²³ and the transformation of the ITC infrastructure.

Recommendation 2: The legislative bodies should provide the support, staffing and funding required to ensure successful and effective transition to IPSAS.

14. The Inspector considers that the political support mentioned above was not accompanied by a level of staffing and funding commensurate with the amount and complexity of the requirements; consequently, risks were taken for a successful, effective and timely transition to IPSAS. If they did not materialize so far, it is only thanks to the high dedication and skills of the secretariat at all levels.

“Recommendation 3: The executive heads should ensure that the set of 16 best practices identified in the present JIU report is applied when implementing the IPSAS project.” (see annex II to this Management Letter).”

15. The Inspector has systematically checked which benchmarks have been implemented among the 16 best practices (BP) identified in the above mentioned JIU report.²⁴ **On the basis of the written and oral information communicated to him, the Inspector found that UNWTO has effectively satisfied to BP 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 14 and 15 for implementing a smooth transition to IPSAS, as identified in the said JIU report, and that it has not satisfied to BP 12 and 16 while BP 3 was not applicable. The implementation of BP 13 remains unlikely.**

16. BP 1. As mentioned above, at first an IPSAS project steering committee was established, **implementing** BP1, but probably too complex for the modest size of UNWTO. It seems to have been advantageously substituted in its steering function by another vertical structure.

17. BP 2. A gap analysis has been performed in 2010, **implementing** it.

18. BP 3 was **not applicable**, as there was no major shift in the project environment.

19. BP 4 was **implemented**, as proven project planning and implementation methodologies were effectively used, with their various components.

20. BP 5. A strategy was devised to producing IPSAS-compliant opening balance for the targeted date of compliance as well as the closing balance for the previous day. In 2014, a clean opinion by the UNWTO EA on the latter has already been reported, **implementing** BP 5 as far as the 2013 closing balance is concerned. With regards to the 1st January 2014 opening balance, the situation was reported to the June 2014 session of the Executive Council as cleared.

²³ See UNWTO website, documents CBF/48/2, CBF/50/1, CE/88/5(a), CE/90/5(a) Add.1, CE/93/5(b) add.1, CE/94/3(III)(a) Add.1, CE/95/3(II)(a) Add.1, CE/96/2(c) Add.1, CE/96/2(c), A/19/10(f), A/20/5(II)(b) Add.1.

²⁴ JIU/REP/2010/6 or A/66/308 : “Preparedness of United Nations system organizations for the International Public Sector Accounting Standards (IPSAS)” This report may be consulted or downloaded in the six UN languages from the JIU Website (www.unjiu.org) and from the UN Official documents system (www.un.org/en/documents) as A/66/308 ; the comments of the Chief Executive Board are published as A/66/308/Add.1 and those of the UN General Assembly in its Resolution 66/246, para 95.

21. BP 6 was **implemented** as the necessary amendments to Financial Rules and Detailed Financial Rules were proposed and adopted to prepare compliance. Since three years, annual reports on the IPSAS progress regularly inform the governing bodies.²⁵

22. BP 7 **was not fully implemented** as it took time for the governing bodies to accept the necessary financial and human resources to such a complex project. This was done without direct use of the regular budget, at a minimal level, with an overall cost for the period 2011-2013 accounted for €753,964 as of 14 February 2014 in the UNWTO books, through tapping on a reserve fund established for another purpose. Only the full dedication of the four persons of the IPSAS project team, the multiplying effect of its intense training activities, the absorption without compensation (but not without complaints) of the additional burden by the other affected units of the administration, the good relations with, and goodwill of, an IT consultancy firm awarded after a long competitive process and the help of the United Nations system through UNTFAS²⁶ enabled UNWTO to avoid the major risks, in particular the necessity to postpone the compliant financial period by one year, which could have materialized for reasons as trivial as the sickness of any team member.

23. BP 8 was **implemented**, as training was basically conceived and practiced in-house with minimal resources, external expertise also reduced to a minimum through the hiring of few “collaborators” of various levels and thanks to the advisory services of the author of the gap analysis.

24. BP 9. The Inspector could see that the thorough analysis of the legacy information systems and their adaptation to the new requirements has been made, thus **implementing BP 9**. This was one of the most difficult if not most visible tasks requested successively from the author of the initial gap analysis, the IPSAS project team and the IT consultancy firm *Delaware*.

25. BP 10. All possible means have been used by the project team to raise awareness of IPSAS and the change management to be induced through their implementation: publications, courses at various levels and for various audience, e-learning, attractive intranet screens (called IPSAS highlights), flyers, practical exercises on business process, etc., making communication and training one of the most visible aspects of the work done: **its implementation** cannot be separated from...

26. ...the **implementation of BP 11** requiring to fully prepare the existing and future staff, in particular managers, supply chain and finance staff, with the new procedures and requirements through the use of specific documentation (manuals) and training. Given the various products mentioned in the annex I and the 62-page *UNWTO Communication and Training Plan for IPSAS*, the Inspector considers those two benchmarks as **fully and very well implemented** (for more details, see annex I below).

27. BP 12 requiring the adoption of risk assessment, management and mitigation strategies and practices for the project implementation **has not been implemented**. Upon request, the Inspector was informed that “due to the limited resources allocated for such a project, no means have specifically been dedicated to these functions, which were absorbed by the management of the project. They have consisted mainly in establishing a detailed project plan and very closely following-up on the implementation of each activity.”²⁷ In other words, their knowledge was considered sufficient to guarantee the absence of any serious risk.

²⁵ See IPSAS progress report, CE/98/3(II)(b) Add.1.

²⁶ See the modalities of such assistance in the “IPSAS adoption progress report”, a yearly publication of the UNTFAS, and, for example, part 2 (role of the TF) in the last edition (CEB/2014/HLCM/9, dated 28 March 2014).

²⁷ Response to JIU follow-up questions, March 2014.

This opinion is not shared by the Inspector who considers that converging and continuous miracles cannot be factored in any project.

28. BP 13, requiring to plan and prepare interim financial statements (also called “dry runs”) for review by external auditor(s) “well ahead of the final implementation date” has induced pilot FS at UNWTO, foreseen for implementation in September 2014. There are precedents within the United Nations system for this limited advanced time. But this is not much well ahead”, in particular when there is a consensus to build among three external auditors of different accounting cultures and backgrounds dialoguing among themselves and with the project team. It is foreseen that **BP 13 will not be fully implemented.**

29. BP 14 requiring to establish and maintain, as soon as feasible, a bilateral dialogue between the Organization and its EAs on the transition to IPSAS has been **implemented** but is obviously made more difficult in the above-mentioned circumstances, where accrual accounting might be a new environment for some EAs.

30. BP 15 implementation required to perform continuous testing of internal controls during the preliminary phase of an IPSAS project to ensure the accuracy of the data was **apparently performed, but made particularly difficult** by the fact that some of the required data were so far collected by some external entities not necessary under the control of UNWTO. In this respect, **the validation of the closing balance for 2013²⁸ by the EAs was a relief.**

31. BP 16. No resources were assigned for “an independent and comprehensive validation and verification of the system towards the end of its completion” except if it is considered that the expert having made the basic gap analysis and provided supervision and advices before and during the project life can be considered as “independent”. **BP 16 has not been implemented.**

Risks and luck

32. Likewise several other organizations of the United Nations system, UNWTO began lately to realize the complexity and the comprehensiveness of changes required by a real IPSAS project as well associated costs and benefits. Under the questionable principle of zero nominal budget growth, the required human and financial **were calculated at such a low level that serious risks were taken** for a possible success, without being officially recognized. As a kind of excuse for such absence of tools, the secretariat highlights its transparency vis-à-vis the Member States which *have always been informed through the IPSAS progress reports on possible identified risk issues²⁹* and refers to the last progress reports to illustrate its point. This implicitly points to their collective responsibility in the risky situation thus created. UNWTO made the choice of a “big bang strategy”: from the first hours of 2014, recording of any business process or action was supposed to change overnight rather than progressively, as it had been decided by the EC in 2006 (CE/81/DEC): this was made possible by a rigorous planning, as finally shown in March 2014 when the 2013 closing balance under the United Nations accounting standards (UNSAS) has been validated.

33. The 2014 opening balance under IPSAS has been checked and validated by the EAs. However, it was risky to prepare transition to IPSAS, meaning altogether seriously analyzing the possible emerging challenges of all kinds, to conceive their mitigation, to draw all lessons from each team and each of its operations, while, **at the same time**, preparing the pilot FS as at 30 September 2014 for external audit, only three months prior the closing balance of the

²⁸ Document CE/98/3 (II) (d) was audited during the first quarter of 2014.

²⁹ Secretariat written reply to JIU additional questionnaire. See CE/95/3(II)(a) Add.1/part 4 addresses IPSAS-identified risk issues.

first announced IPSAS-compliant financial period. It had to be done through the dialogue of the administration with the three EAs in charge of validating the FS for 2014, or by qualifying them by an agreed decision.

34. The Inspector is of the opinion that whichever could be in 2015 their final assessment and taking into account the limitations imposed on the financial and human resources for the IPSAS project and the limited time span resulting from the announcement of such date, **UNWTO secretariat applied the best possible strategy to ensure “unqualified and compliance of FS with IPSAS.** This was done under the high degree of engagement of the Secretary-General and the direct authority of the Director of the Administration to integrate it within the overall administration, **at an unusually modest cost, by a quite small and proactive IPSAS team”**, led by a programme coordinator (the only staff member of the project team) on a P3 post. Such level is clearly under-rated in comparison to the qualification requirements and the incurred responsibilities of the function. She was only assisted by three IPSAS accounting specialists of different levels. Upon request, the Inspector received a written statement according to which *“the impact of IPSAS implementation is currently being absorbed mainly by selected staff within two programs, Budget & Finance (by three staff members and two collaborators) and Information and communication Technologies (by two staff members and one collaborator). Both programs are called upon to provide support and input, in addition to on-going responsibilities.”* Taking into account the fact that the major developments in that area which can certainly not be considered yet as a “small programme”³⁰ occurred after the review of the generic job profiles conducted from March to May 2011,³¹ the Inspector considers that the following recommendation would ensure that “the criteria with all jobs be defined by the work of the programme”.³²

Recommendation

The Secretary-General of UNWTO should review/regularize the status and level of posts and positions used for the employees (staff and collaborators) directly or indirectly responsible for the UNWTO transition to IPSAS, preferably by using the services of an independent and experienced classification specialist.

³⁰ As defined in CE/90/5(a), Add.3 Annex, para. 15.

³¹ Ibid, para. 1.

³² Ibid, para. 16.

Annex I: Training on IPSAS at the World Tourism Organization

Effective **communication** with stakeholders and appropriate training are vital for any reform and, particularly, for a successful IPSAS implementation. UNWTO provided them with clear, relevant and meaningful tools, in particular through interactive events. It published products to inform, involve and invoke actions according to communication needs of each targeted audience.³³

To obtain commitment and cooperation of the entire Organization in the implementation of IPSAS, **training** courses are organized from basic to more specialized aspects involved in the adoption of the new accounting standards and according to the respective functions and duties of staff, including managers.³⁴ The following table summarized the audience, means and material used during the IPSAS training and internal communication.

Phases	Pre-IPSAS	IPSAS	Post-IPSAS
Targeted audience	Divided into two main groups: a) General audience; b) Budget and Finance Programme (BDFN).	Divided into three main groups: a) General audience; b) Programmes under the Administration division and Publications programme (PBST); c) BDFN.	The post IPSAS phase, to start after the establishment of the 2014 opening balance will continue...
Means used	- An in-house working group on administrative procedures was set up where procedures and forms were discussed in detail; - Training sessions (power point presentations, practical cases, questions and answers, etc.) - Forms uploaded into the BDFN intranet.	- Training sessions on administrative procedures and IPSAS overview (power point presentations, practical cases, questions and answers, etc.); - Training sessions on IPSAS policies and accounting (power point presentations, practical cases, questions and answers, etc.); - UNTFAS e-learning courses; - Training sessions on new IT system; - IPSAS Intranet which includes all materials regarding IPSAS at UNWTO and at UN (background, regulations, policies, manuals, including all forms, official documentation, presentations, highlights, etc.); - IPSAS highlights communicating main changes of the project; - SG support to the project during meetings.	...to use the same means
Material produced	Circulars, forms, notes of information, power points presentations, etc.	Regulations, rules, policies, manuals, circulars, forms, notes of information, functional analysis, power points presentations, etc.	

³³ Best practice (BP) 10 of the JIU Report on IPSAS (JIU/REP/2010/6) recommends to “communicate awareness on the transition to IPSAS through all available means of communication, training and documentation. This can be achieved through personal contact, presentations and testimonies from persons involved in successful cases outside the entity, retreats, practical exercises and other training materials comparing present and new accounting policies”.

³⁴ Ibid, BP 11 was to “ensure that existing and future staff, in particular managers, supply chain and finance staff, are fully familiarized with the new procedures and requirements through the use of specific documentation (manuals) and training”.

The Inspector finds remarkable that the communication (internal and external) and the training components, while using UNTFAS guidance and papers, have been carried out in all phases **internally by the staff and external collaborators**. This not only represents significant savings on the cost of those functions, but warrants a full adaptation to the concrete needs in all operations of the business process. The Inspector could appreciate for some IPSAS, e.g. for IPSAS 17 (*Property, Plant and Equipment*) a series of detailed and nicely illustrated learning tools, including power point-type presentations, offering at working level a knowledge of principles that guide the managers and staff members for IPSAS-compliant reporting and accounting.³⁵

With regards to the training, the Inspector received upon request a detailed table on the audience, courses carried out during 2013, courses to be disseminated during 2014 as well as UNTFAS e-learning material. The course No. 1 of the latter, “*Orientation to IPSAS*” was made mandatory for all staff and in-house collaborators and its certificate conditioned the step increment associated to the 2015 individual performance evaluation. In addition, four sessions (each session in several languages) were organized for a general familiarization with principles and some templates, 16 sessions (some with several sub-sessions) on more focused subjects were directed to the personnel of the Division of Administration and the Publications programme (PBST) and 27 specialized sessions (some with several sub-sessions due to their length) to Budget and Finance (BDFN) staff members, representing a total of about 50 sessions. A new program was also introduced in 2014. Beyond the UNTFAS e-learning course No. 1 “*Orientation to IPSAS*”, courses Nos. 2 to 7 (2.5 hours modules) from the same source, on specific IPSAS, are to be used. As a sign of the critical importance given to IPSAS training, recoup sessions for staff unable to attend were arranged.

The Inspector appreciates a lot the range of products paving the way to IPSAS compliance: from the illustrated flyer to the 227-page technical tool, they address every concerned audience in a quite pedagogical way, using as much as possible concrete examples:

- 1) Targeting the UNWTO Member States representatives and its own management through the first edition (2013) of the **UNWTO Policy Guidance Manual** (PGM) succeeds in:
 - ❖ rightly explaining every IPSAS in few pages, usually comprising a summary, the standard, the UNWTO disclosure and policy guidance, and using a generally understandable language and a number of examples drawn from the concrete issues pertaining to international organizations;
 - ❖ showing concisely the main difference between the traditional (United Nations accounting standards or UNSAS) and the future presentation of the major documents which will be published some months after the end of the first (one-year) financial period under IPSAS: the mandatory financial statements required by these standards;
 - ❖ giving concretely, with the names of the main accounts, but obviously without any figures, a model of the content of each of the five mandatory FS;³⁶

³⁵ It clearly presents the benefits of adopting any given IPSAS Standard, from the related general concepts presented in the Policy Guidance Manual, to what is expected from the concerned civil servants in their respective positions or roles, the new procedures themselves and their detailed requirements, as the necessary changes in their professional tasks (especially for the first time), all illustrated by concrete examples. Audit common issues complement it.

³⁶Statement I: of financial position as at 31st December, for two successive years x and y;

Statement II: of financial performance for the year y;

Statement III: of changes in net assets/equity for the year y;

- ❖ providing a glossary of accounting terms, in particular when specifically required by IPSAS;
- ❖ Adding (as an annex) explanations on the way the Manual is applicable to specific case.

The main weakness (among few others) of this excellent tool is the lack of the table of content, which led to some inconsistency in the structure and numbering of chapters and sections.

- 2) To show and explain to all concerned (managers and other staff members) how the concrete transactions of the Organization translate into the new forms of accounting, in particular the end-of-year FS, the first edition of an **IPSAS-related operational and management procedures manual** (2013) presented them for all kinds of transactions. It may serve as guidance in processing transactions, ensuring that the necessary information and data are generated to result in IPSAS-compliant FS, as well as management-oriented financial reports. It covers specifically the transactions and economic events able to impact the financial position and performance of the Organization, as finally measured in the FS. For each stage of each procedure, it defines responsibilities and distinguishes the respective roles of the initiator, the financial verifier, the BDOS and the accountant as well as the kind of document produced, signed, checked and recorded.³⁷ “Based on the UNWTO IPSAS-Related Procedures Manual, during the year 2014 some procedures were adapted and clarified including a complete review of publications procedures and the development and implementation of the UNWTO-RSOAP action plan to get RSOAP (UNWTO Regional Support Office of Asia and the Pacific) compliant with IPSAS.”
- 3) For the use of finance officers, accountants and any other staff members of the budget and finance programme and the Division of Administration of the Organization, an **IPSAS Accounting Manual** complements the UNWTO PGM and the UNWTO Procedures Manual based on IPSAS to guide users on performing and reporting on transactions and economic events in accordance with the IPSAS.

Such work, while sometimes quite technical, could not be conducted by the secretariat in isolation from the UNWTO membership: it had to be accepted, endorsed and encouraged by the Member States who had launched the process in 2006. Since the beginning of the project, the Secretary-General has reported them the progress report on the implementation of IPSAS as well as the amendments to the UNWTO FRRs and DFRs.³⁸

Statement IV: cash flow statement for the consolidated activities of UNWTO for the year y;

Statement V: comparison of budget and actual amounts for the year y;

Those FS are far from the content of the previous UNWTO documents as “Auditors reports and administrative accounts for the financial years 2010 (CE/90/5 (c)), 2011 (CE/93/5(a)), 2012 (CE/95/3(II)(b)), and 2013 (CE/98/3(II)(d)) will include, as a separate additional financial statement, a comparison schedule between budgeted amounts and actual amounts prepared on the budgetary basis, rather than as an additional budget column in the financial statements PGM, par 1.2.13.

³⁷ This is a particularly important area in terms of Records and Archives Management: see JIU/REP/2013/2.

³⁸ See documents CBF/48/2, CBF/50/1, CE/88/5(a), CE/90/5(a) Add.1, CE/93/5(b) add.1, CE/94/3(III)(a) Add.1, CE/95/3(II)(a) Add.1, CE/96/2(c) Add.1, CE/96/2(c), A/19/10(f), A/20/5(II)(b) Add.1 available at UNWTO's website.

Annex II: Set of 16 Best Practices for Implementing a Smooth Transition to IPSAS³⁹

1. Set up an inter-departmental IPSAS project steering committee or equivalent body tasked with ensuring that senior management understand the goals and vision driving the transition to IPSAS. The committee should have a multi-year mandate and include staff specialized in the pre-design, design and implementation of ERP systems.
2. Conduct an in-depth analysis of gaps between existing business processes, procedures, financial reporting and functionalities developed under UNSAS and the requirement and impact of each IPSAS standard.
3. In the case of a major shift in the project environment, reassess the initial IPSAS adoption strategy and adjust this as necessary.
4. Apply proven project planning and implementation methodologies including clearly defined strategic objectives, deliverables, timelines, milestones and monitoring procedures.
5. Develop a strategy for producing IPSAS-compliant opening balances for the targeted implementation date (first day of the first year of compliance) as well as the closing balance for the previous day, based on the previous accounting standard (UNSAS), but easily translatable into IPSAS terms for the opening balance of the targeted year.
6. With a view to ensuring continued engagement of governing bodies in the change process, regularly update the governing bodies on progress made in the implementation of IPSAS and request that they adopt the relevant decisions, in particular with regard to amendments required to financial regulations and allocation of resources for the project.
7. Determine and budget for the additional human resources required in the administrative, budgetary and finance areas to ensure not only effective implementation of the transition to IPSAS but also adequate capacity to maintain future IPSAS compliance.
8. Ensure that financial resources are made available for training, where feasible, of in-house experts in accounting, business and change management or for the recruitment of external experts.
9. Thoroughly analyze existing (legacy) information systems for compatibility and synergy with IPSAS requirements and, as a major element of the initial gap analysis, appreciate the changes that an ERP system must undergo to support IPSAS.
10. Communicate awareness on the transition to IPSAS through all available means of communication, training and documentation. This can be achieved through personal contact, presentations, and testimonies from persons involved in successful cases outside the entity, retreats, practical exercises and other training materials comparing present and new accounting policies.
11. Ensure that existing and future staff, in particular managers and supply chain and finance staff, are fully familiarized with the new procedures and requirements through the use of specific documentation (manuals) and training.

³⁹ Best practices and recommendations referred to in this annex from the JIU/REP/2010/6: “Preparedness of United Nations system organizations for the International Public Sector Accounting Standards (IPSAS)” available at www.unjiu.org

12. Adopt risk assessment, management and mitigation strategies and practices for project implementation in accordance with the project's objectives.

13. Plan and prepare interim financial statements for review by external auditor(s) Plan and prepare interim financial statements for review by external auditor(s) well ahead of the final implementation date to avoid unpleasant surprises.

14. Establish and maintain, as soon as feasible, a bilateral dialogue between the Organization and its external auditor(s) on the transition to IPSAS to help ensure that both external and internal auditors gain in-depth understanding of the new system and its impact on control procedures, as the implementation of IPSAS would require migration to accrual-based accounting.

15. Perform continuous testing of internal controls during the preliminary implementation stage of an IPSAS project to ensure the accuracy of the data.

16. Ensure that an independent and comprehensive validation and verification of the system is performed towards the end of its completion.

Taking all those best practices into account, the first two of the recommendations set out below are addressed specifically to the legislative bodies of United Nations system organizations and the third to their executive heads: all are aimed at enhancing accountability, effectiveness and efficiency in the transition of each and every organization of the United Nations system to IPSAS implementation.

Recommendation 1

The legislative bodies should request their respective executive heads to issue regular progress reports on the implementation status of IPSAS.

Recommendation 2

The legislative bodies should provide the support, staffing and funding required to ensure successful and effective transition to IPSAS.

Recommendation 3

The executive heads should ensure that the set of 16 best practices identified in the present JIU report is applied when implementing the IPSAS project.