



INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/061

Audit of the management of the project to implement International Public Sector Accounting Standards at the United Nations Secretariat

Overall results relating to the effective management of the IPSAS implementation project were initially assessed as partially satisfactory. Three recommendations have been implemented satisfactorily; the implementation of two important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

19 July 2013

Assignment No. AH2012/511/01

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AUDIT REPORT

Audit of the management of the project to implement International Public Sector Accounting Standards at the United Nations Secretariat

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of the project to implement International Public Sector Accounting Standards (IPSAS) at the United Nations Secretariat.
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. In its resolution 60/283 of 7 July 2006, the General Assembly approved the adoption of IPSAS by the United Nations, as well as the resources requested to begin the process. In the same resolution, the General Assembly also decided to replace the current Integrated Management Information System (IMIS) with a next-generation enterprise resource planning system (ERP) or other comparable system. The IPSAS adoption process was integrated with the ERP (Umoja) implementation to ensure full synergy and economies of efforts between both projects. Umoja is a Secretariat-wide organizational transformation initiative that will progressively renew, harmonize and streamline the way the Secretariat manages human, financial and material resources. However, due to delays in the implementation of Umoja, the Secretariat decided in February 2012 to utilize IMIS to support IPSAS requirements.
4. An IPSAS Steering Committee was formed in October 2006 to oversee the adoption of IPSAS and ensure that the views of all internal stakeholders were considered. It comprised representatives from the Office of Programme Planning, Budget and Accounts (OPPBA), the Office of Central Support Services (OCSS), Department of Field Support (DFS) and peacekeeping missions, offices away from Headquarters (OAHs), regional commissions and Umoja. The Steering Committee met monthly between October 2011 and October 2012.
5. The day-to-day management of the implementation of IPSAS rests with the United Nations IPSAS Project Team established within OPPBA in 2007. Its main tasks are to: (i) ensure the delivery of outputs for the IPSAS adoption project; (ii) work with the system-wide IPSAS Project Team to identify and resolve implementation issues and develop system-wide accounting policies/guidance; (iii) complete specific implementation tasks; and (iv) engage required consultants and ensure provision of contracted deliverables. At the time of the audit, the Project Team consisted of 22 staff members.
6. As at 30 June 2012, actual expenditures since the inception of the project amounted \$8.2 million as shown in Table 1, compared to the indicative project budget of \$23 million¹.

¹ A/66/379

Table 1
IPSAS expenditure status as at 30 June 2012

(Thousands of United States dollars)

Expenditure type	2006-2007	2008-2009	2010-2011	2012-2013*	Cumulative
Regular budget	835	2 074	2 021	635	5 565
Peacekeeping support account	324	550	859	860	2 593
Total	1 159	2 624	2 880	1 495	8 158

Source: Extracted from A/67/344

* Actual expenditure to 30 June 2012 as at 24 August 2012

7. To support IPSAS, the Steering Committee created several interdepartmental working groups that work directly with the United Nations IPSAS Project Team. The working groups consist of professionals in the areas of accounting, budgeting, treasury, information technology, property management and other functional areas at Headquarters as well as OAHs.

8. For peacekeeping operations, the first set of IPSAS-compliant financial statements is expected to be produced for the year ending 30 June 2014. For other United Nations Secretariat operations, IPSAS-compliant financial statements are expected for the year ending 31 December 2014.

9. Comments provided by OPPBA are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

10. The audit was conducted to assess the adequacy and effectiveness of OPPBA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the IPSAS implementation project at the United Nations Secretariat**.

11. This audit was included in the OIOS 2012 work plan because the implementation of IPSAS is a significant undertaking by the Organization with substantial financial reporting and reputation risks.

12. The key controls tested for the audit were: (a) strategic planning and risk management; (b) project management capacity; and (c) training and development plans. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Strategic planning and risk management** - controls that provide reasonable assurance that a planning process to discover, evaluate and select among alternatives is established to provide direction and allocate resources for effective implementation of IPSAS, and that the associated risks are identified, assessed, and mitigated. This includes the establishment and activities of the IPSAS Steering Committee; implementation of risk management processes and tools; and reporting to the General Assembly.

(b) **Project management capacity** - controls that provide reasonable assurance that the project to implement IPSAS is being managed effectively. This includes the establishment and activities of the IPSAS project/support teams; allocation of human and financial resources; project implementation planning; project management, monitoring and reporting; and coordination and communication mechanisms.

(c) **Training and development plans** - controls that provide reasonable assurance that training and development plans exist to ensure that skills and competencies of staff are upgraded in accordance with the demands of IPSAS implementation. This includes the determination of

training needs and identification of target groups; preparation and approval of training and development strategy/plans; development and delivery of training programmes; and tools to measure the effectiveness of the programmes.

13. The key controls were assessed for the control objectives shown in Table 2. Certain control objectives (shown in Table 2 as “Not assessed”) were not relevant to the scope defined for this audit.

14. OIOS conducted this audit from June to December 2012. The audit covered the period from August 2006 to December 2012 and included project management and implementation activities of the IPSAS Steering Committee, IPSAS Project Team and local support teams at selected OAHs and peacekeeping missions.

15. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

16. The audit scope did not include the appropriateness of the accounting policies adopted by the United Nations. OIOS performed separate audits of the information technology systems to support IPSAS implementation and has planned audits of the validity of opening balances.

III. AUDIT RESULTS

17. The OPPBA governance, risk management and control processes examined were **partially satisfactory** in providing reasonable assurance regarding the **effective management of the IPSAS implementation project at the United Nations Secretariat**. OIOS made five important recommendations to address issues identified in the audit. Subsequent to the audit, OPPBA introduced a project assurance role to ensure an impartial assessment of the project’s performance and reassessed the human resources requirements to support the implementation of the project. However, coordination of IPSAS implementation activities at UNHQ needed to be formalized and their status incorporated in consolidated Secretariat-wide reports to ensure more comprehensive reporting. OPPBA developed various implementation plans and project tools to manage the IPSAS project, but the reviews of submissions from local support teams needed to be enhanced to ensure their completeness and accuracy and to monitor remedial actions required. Training and development plans were developed and implemented.

18. The initial overall rating was based on the assessment of key controls presented in Table 2 below. The final overall rating is **partially satisfactory**. Three important recommendations have been implemented satisfactorily; the implementation of two important recommendations remains in progress.

Table 2
Assessment of key controls

Business objectives	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of the IPSAS implementation project at the United Nations Secretariat	(a) Strategic planning and risk management	Partially satisfactory	Partially satisfactory	Not assessed	Satisfactory
	(b) Project management capacity	Partially satisfactory	Partially satisfactory	Not assessed	Satisfactory
	(c) Training and development plans	Satisfactory	Satisfactory	Not assessed	Satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Strategic planning and risk management

The oversight function of the Steering Committee for the project needed to be enhanced

19. In 2012, various actions were taken by the Deputy Controller to improve the management of the IPSAS implementation project; however, there was still a need to strengthen the oversight role of the Steering Committee. More specifically, the reports to the Committee by the United Nations IPSAS Project Team did not provide adequate visibility on where the Organization stood with respect to IPSAS implementation vis-à-vis the milestone dates. Many members of the Steering Committee were also involved in implementation activities, and there was a risk that oversight of the project may not be impartial based on the composition of the Committee. From 2011, updates on risks and progress were reported to the Management Committee each quarter by the Controller or Deputy Controller. However, the quarterly reporting did not effectively address the weakness in project oversight because the extent and complexity of the project required more in-depth monitoring, which could not be performed by the Management Committee. OPPBA was in the process of addressing this issue by reconstituting the Steering Committee to comprise officials at the Assistant Secretary-General level and thus OIOS does not make a recommendation on this issue.

20. The neutrality of the Steering Committee could also be strengthened by establishing a project assurance function, to provide an impartial assessment of the project progress independently of the Project Manager. A project assurance function can identify activities that are critical to the successful delivery of the project and work to resolve issues and risks that may hinder successful delivery. It can also provide objective advice to the members of the Steering Committee, participate in reviewing status reports, confirm the completeness and accuracy of plans, confirm that controls are adequate, etc. Considering the depth and complexity of IPSAS preparation and pre-implementation activities carried out by about 43 local IPSAS support teams across the Secretariat, the oversight function of the Steering Committee should be enhanced.

<p>(1) OPPBA should establish a project assurance role for IPSAS to enhance oversight and monitoring of all aspects of the project's performance independently of the Project Manager.</p>

OPPBA accepted recommendation 1 and stated that the role of IPSAS Project Assurance has been created as an independent role to the IPSAS Project and has been assigned to the Chief of the Financial Information Operations Service, OPPBA. From February 2013, the IPSAS Project Assurance has started to report to the IPSAS Steering Committee. Based on the action taken by OPPBA, recommendation 1 has been closed.

Inadequate reporting on actions taken to address risks

21. An IPSAS risk register was developed in 2011 with risk owners, risk mitigation plans and targeted risk reduction/resolution dates indicated. New risks were added to the register as they emerged. However, there was no evidence of reporting on the actions taken to address the risks. Risk reduction/resolution dates were deferred each time the dates were due, with no indication of the effectiveness of the control activities undertaken. Ratings of high and medium risks remained the same since the date they were first included in the register. *OPPBA commented that despite significant progress in mitigating key risks, their associated risk ratings have remained unchanged, mainly due to the overall impact they pose to the project.*

(2) OPPBA should ensure that the United Nations IPSAS Project Team members document actions to address risk mitigation actions planned that are past due and monitor and report to the Steering Committee on the effectiveness of the related control activities.

OPPBA accepted recommendation 2 and stated that action plans for all United Nations reporting entities are continuously updated and reports are presented regularly to the Steering Committee on the risks and mitigation actions. Based on the action taken by OPPBA, recommendation 2 has been closed.

Effectiveness of the control activities undertaken to address major risks needed to be documented in more detail

22. An IPSAS risk register was developed in 2011 with risk owners, risk mitigation plans and targeted risk reduction/resolution dates indicated. New risks were added to the register as they emerged. However, there was no reporting on the actions taken to address the risks; in other words, the effectiveness of the mitigating controls was not measured over time. Risk reduction/resolution dates were deferred each time the dates were due, with no indication of the effectiveness of the control activities undertaken. Ratings of high and medium risks remained the same since the date they were first included in the register. *OPPBA commented that despite significant progress in mitigating key risks, their associated risk ratings have remained unchanged, mainly due to the overall impact they pose to the project. Additionally, action plans for all United Nations reporting entities were continuously updated and reports were presented regularly to the Steering Committee on the risks and mitigation actions. In view of OPPBA comments and the recent introduction of the project assurance role, OIOS does not make a recommendation.*

Secretariat-wide human resources needs were not adequately planned

23. The IPSAS project was being implemented by a central IPSAS team comprising policy specialists, trainers and a project management office, which was supported by the DFS IPSAS Team and local IPSAS teams at OAHs, regional commissions, field and special political missions and other offices. The central team worked full time on the project, while the DFS IPSAS Team and local teams combined work related to IPSAS implementation with their regular functions.

24. There was no staffing plan in place that detailed the desired composition of the central IPSAS team, identified the required skills set at each phase of the project and determined the appropriate sourcing and hiring mechanisms to best fit the project life. Funds were provisioned for consulting firms to carry out a significant portion of IPSAS work, but due to various changes, e.g., delays in Umoja, which affected IPSAS implementation timelines, individual consultants were hired instead.

25. The DFS IPSAS Team was directly supervising a number of local support teams in peacekeeping operations with staff that were not fully dedicated to the IPSAS project. The draft Terms of Reference (TOR) for the DFS IPSAS Team envisioned five dedicated DFS staff and a consultancy budget with the justification that the project could not be effectively carried out in addition to normal duties of staff. The requirements analysis for the 2012-2013 peacekeeping support account estimated 12 consultants to support IPSAS implementation at DFS and field missions. At the time of the audit, only one consultant had been hired and DFS was planning to hire three additional consultants to be deployed at the Regional Service Centre Entebbe. *OPPBA commented that two more consultants have since been deployed at the Regional Service Centre, Entebbe. The field monitoring team will have eight consultants by March 2013, which will be its full complement, due to the current budgetary situation. DFS has also augmented senior level resources to be in charge of the DFS IPSAS team. Overall, the DFS team has been staffed in time for the transition from pre-implementation to the implementation phase.*

26. Various local IPSAS support teams informed OIOS about the need for additional resources as IPSAS activities were time-consuming and demanding. Furthermore, with the deployment of Umoja in 2013, the workload at these offices and missions was expected to increase significantly. Contingency plans were not developed to ensure continuity of the local IPSAS support teams. Some project managers and key team members were about to retire and high turnover of staff in field missions was also expected to adversely affect the IPSAS work.

(3) OPPBA should develop a plan to address the human resources needs throughout the Secretariat for the whole life of the IPSAS implementation project.

OPPBA accepted recommendation 3 and stated that the human resources needs to support IPSAS implementation were assessed and as a result, resources were dedicated for the Field Monitoring Team to support peacekeeping operations and additional resources specifically dedicated to support each of the OAHs and regional commissions. Based on the action taken by OPPBA, recommendation 3 has been closed.

B. Project management capacity

Pre-implementation exercises were beneficial

27. Since inception, the United Nations IPSAS Project Team engaged in activities such as developing the framework of IPSAS accounting policies, conducting pre-implementation visits to selected OAHs and peacekeeping operations, developing implementation plans, and monitoring activities of local IPSAS support teams. The pre-implementation exercises were aimed at: obtaining more input for the finalization of the IPSAS policy framework, validating training approaches and contents, introducing tools and structures to support implementation at the local office level, articulating IPSAS implementation plans and the Umoja deployment plan, and to fine tuning change management activities. Preparation of IPSAS-compliant opening balances, particularly in the absence of Umoja, was identified as a major challenge and, at the time of the audit, many activities were primarily geared towards this task.

Absence of a local team to coordinate and monitor the project to implement International Public Sector Accounting Standards at United Nations Headquarters

28. In a memo dated 4 August 2011, the Under-Secretary-General, Department of Management announced the launch of IPSAS implementation activities at the individual office level and requested each office to establish an IPSAS support team. On 17 October 2011, the Under-Secretary-General, DFS also issued a similar memo on IPSAS implementation activities in field missions. Following these launch memos, 43 local IPSAS support teams were established at OAHs, Regional Commissions and field missions. The responsibilities of the teams included coordinating and monitoring IPSAS implementation activities, formulating local change management and training plans, managing office specific risks and preparing data for opening balances.

29. At the time of the audit, no local IPSAS support team had been established at UNHQ to implement IPSAS activities. Several departments and offices at UNHQ needed to participate in significant IPSAS implementation areas such as: financial statements simulation by OPPBA; property valuation by OCSS and DFS (for field missions); valuation of intangible assets such as Information Technology systems and applications by the Office of Information and Communications Technology (OICT); estimation of potential liabilities on litigation and legal claims by OLA; and computation of employee benefits by OHRM. However, their activities were not coordinated by a local support team. Many of the critical tasks to be performed at UNHQ were included in the action plans, but the responsible parties were identified as either the United Nations IPSAS Project Team or local IPSAS support team at other locations. Without a local IPSAS support team at UNHQ, responsibilities for certain tasks were not properly assigned, progress reports were not received from the responsible parties and activities were not monitored.

30. *OPPBA commented that the nature of the implementation at UNHQ was fundamentally different from that in OAHs and field missions, for which a local duty station based coordination team was integral to ensure the successful implementation of a cross-functional project. At UNHQ, the key players were OPPBA and OCSS and the IPSAS project team had been working very closely and directly with them. OPPBA added that this was deemed appropriate and adequate as long as the Offices carried out their central roles. The involvement of the other departments was largely around a narrower role related to the delivery principle and the IPSAS project team had been interacting with the respective Executive Officers. Engagement with these departments would be stepped up closer to implementation as their activities did not have long lead times. DFS at Headquarters had also been playing a lead role with reference to the implementation in field missions. A common coordinating team at UNHQ would not be efficient; so the IPSAS project team would continue to coordinate the UNHQ activities.*

(4) OPPBA should define the arrangements that will be used to coordinate and periodically monitor IPSAS implementation activities in UNHQ.

OPPBA accepted recommendation 4 and stated that OPPBA has coordinated with OICT and the Information and Communications Technology Division in DFS to put in place a project management tool for monitoring the detailed changes and change management activities related to the upgrades of IMIS and the Galileo asset management system for IPSAS requirements. More recently a project management tool has been developed to monitor the detailed work plan on property, plant and equipment and inventory at United Nations Headquarters that is being led by OCSS; this project management tool will become part of the activities that are rolled up to the overall status of the project that is reported to the IPSAS Steering Committee. Recommendation 4 remains open pending implementation of the additional project management tools for monitoring and reporting activities related to systems upgrades, property, plant and equipment, and inventory.

Project planning and monitoring tools needed to be enhanced

31. The United Nations IPSAS Project Team developed the following cascading plans to detail various project phases and activities and to facilitate progress reporting by local IPSAS support teams:

(a) High level implementation plan/timeline – an overview of the four phases of the project: Preparation, Pre-implementation, Implementation and Post-implementation phases, underpinned by change management, benefits realization and project management activities;

(b) An action plan for each volume of the financial statement that reflects the high level tasks to be undertaken to support IPSAS implementation. Each plan had target dates, a responsibility matrix and associated deliverables for each task; and

(c) A project management tool (PMT) – This was a breakdown of the Action Plan into an Activities Log and a Risk Log for each local IPSAS support team, detailing specific activities to be carried out and target completion dates. Local IPSAS support teams updated the logs monthly to show the percentage completion of the activities. These submissions were consolidated by the Project Management Office and presented to the IPSAS Steering Committee on a monthly basis.

32. The high level implementation plan/timeline is shown in Chart 1.

Chart 1

High level implementation plan/timeline



Source: Project Initiation Document

33. The planning approach was approved by the IPSAS Steering Committee in February 2012. PMT was rolled out to all local IPSAS support teams in April 2012, and Action Plans for each volume of financial statement were approved by the IPSAS Steering Committee in May 2012. The following issues were identified after a review of these plans and PMT submissions by local IPSAS support teams:

(a) Up to October 2012, Action Plans for Volumes I and II of the financial statements had not been translated into PMTs for Headquarters, New York, and thus the status of some critical activities was not being monitored and reported. Even though the high level implementation plan/timeline showed the milestone dates for the various phases of the project, there was no means of determining at any time where the project as a whole actually stood with respect to those dates due to the missing information on Headquarters activities. *OPPBA commented that the consolidated progress report that is produced by rolling up the local offices' progress reports shows the average overall activity progress of the project by phases and by key areas of activities. The overall activity progress is calculated as the average of the values across the local offices. By looking at these values, it is possible to determine the situation across the board in terms of activities "completed", "behind", "in jeopardy", "on time" and "not started" by project phase and by area of activity. In a similar way, the consolidated report shows the average risk that is calculated by averaging the activities that have been reported as "in jeopardy" and "behind". OIOS notes however, that this excludes Headquarters, where the most critical project activities are performed.*

(b) The monthly PMT reports prepared by the local IPSAS support teams in April to June 2012 were not always complete and consistent. In addition, some submissions did not reflect the actual status of tasks; some essential information was not captured, e.g. actual start dates; baselines were missing to measure the progress made; and DFS-led activities for which field missions had no control were included in the individual tasks logs of field missions.

(c) The above-mentioned PMT reports were reviewed by the United Nations IPSAS and DFS IPSAS Team members, but there were no logs showing the individuals who reviewed the submissions, when, and what remedial actions were taken to address identified issues. A review of selected PMT submissions showed some inconsistencies and inaccurate status reporting, which indicated the need to enhance content review.

34. The shortcomings in reporting on the status of IPSAS implementation activities were partly attributable to the relatively short timeframe over which the tools were developed and rolled out.

(5) OPPBA should ensure that the United Nations IPSAS Project Team addresses shortcomings identified in the project management tools and practices, including incorporating Headquarters activities in the consolidated reports, reviewing submissions and resolving inconsistent and inaccurate reporting.

OPPBA accepted recommendation 5 and stated the IPSAS project management tools were continuously enhanced to provide for more accurate, complete and timely reporting on IPSAS implementation progress. Also, the project tools were being aligned and combined where possible with the Umoja project to minimize duplication of efforts and facilitate the work of the IPSAS and Umoja local implementation teams. The IPSAS project team has been working very closely with UNHQ stakeholders directly and the relevant tasks are already tracked through the IPSAS Action Plans, which clearly identified activities, timelines and responsibilities. Headquarters activities are therefore already identified in the Action Plans and their progress is monitored and updated on a regular basis. However, more will be done to have these activities included in the consolidated reports on progress. Recommendation 5 remains open pending the incorporation of the status of Headquarters activities in consolidated reports to make them more comprehensive.

The level of preparedness at selected offices and field missions was partially satisfactory

35. OIOS' review of the level of preparedness and IPSAS implementation activities at 11 selected offices and field missions² showed that local IPSAS support teams were generally established in line with the model governance structure given, and pre-implementation work had started in line with instructions from Headquarters. The following issues were identified during the review:

- a. Subject matter experts from key sections at UNAMID were not represented in the local IPSAS support team and there were also delays in submitting monthly reports. There were inadequate human resources for IPSAS implementation at UNOV and UNON, while ECA and UNOG lacked entity-specific training plans. *OPPBA stated that the inadequate representation of key departments in the UNAMID IPSAS local support team has been duly noted and a new IPSAS team consisting of Subject Matter Experts across key sections has been formed. Also, the delay in IPSAS monthly reports has now been rectified and UNAMID has been submitting reports on time. Resources for UNON, UNOV, UNOG and the Regional Commissions have been augmented slightly to provide better management of the implementation efforts in these Offices.*
- b. At BINUCA, the IPSAS focal point left the Mission without a proper handover procedure and another staff was informally taking responsibility for IPSAS implementation. The local IPSAS support team members were not aware of their TOR and had not met since November 2011. This issue was included in a separate OIOS report to BINUCA.
- c. No resources were identified for IPSAS implementation at UNON, UNOV, UNAMID and MONUSCO.
- d. Key project staff movements resulted in challenges for continuity of IPSAS related work at UNON, UNIFIL and BINUCA.

36. OIOS discussed the results of the reviews with management at the offices/field missions and the United Nations IPSAS Team, who will address them as part of their risk management process; therefore OIOS does not make a recommendation on these issues.

Transition arrangements needed to be finalized

37. On 2 February 2012, the Umoja Steering Committee invoked contingency plans and directed the Umoja and IPSAS projects to work collaboratively on transition arrangements to ensure that IPSAS can be implemented on time, notwithstanding anticipated delays in the Umoja deployment. The United Nations IPSAS Project Team, in coordination with OPPBA, Umoja, DFS and OICT developed a framework for the necessary transition arrangements. Gaps were identified in existing information technology systems and related processes, which needed to be changed or enhanced to facilitate IPSAS implementation. The transition arrangements were validated by a consulting company, which made a number of recommendations that were being implemented. Since transition arrangements are critical for the successful implementation of IPSAS, their early finalization and the development and monitoring of

² United Nations Office at Geneva (UNOG), United Nations Office at Nairobi (UNON), United Nations Office at Vienna (UNOV), Economic Commission for Africa (ECA), United Nations Integrated Peacebuilding Office in the Central African Republic (BINUCA), United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), United Nations Assistance Mission in Afghanistan (UNAMA), African Union/United Nations Hybrid operation in Darfur (UNAMID), United Nations Interim Force in Lebanon (UNIFIL), United Nations Environment Programme (UNEP), and United Nations Human Settlements Programme (UN-HABITAT).

the associated plans are essential. OIOS was informed that the updated transition arrangements were expected to be finalized by December 2012; however, this date was postponed to July 2013. The absence of finalized transition arrangements increased the risks associated with reliability of IPSAS data. This matter is included in OIOS draft report on the audit of the information and communications technology applications supporting the implementation of IPSAS (Assignment no. AT2012/510/01); therefore, OIOS does not make an additional recommendation.

Property, plant and equipment tasks remained pending

38. Valuation of property is a critical requirement for preparing IPSAS opening balances. For peacekeeping operations, a consultant was hired in June 2012 to develop a standard costing approach to estimate the fair value of self-constructed assets, which will be applied across all field missions. At the time of the audit, this methodology was still being developed. Concerning other major buildings at UNHQ, OAHs and regional commissions, the valuation methodology is yet to be developed. The target date for the proposed approaches was 30 June 2012 for both peacekeeping and non-peacekeeping operations, which was past due at the time of the audit. *OPPBA commented that development of a valuation methodology for DFS property assets was delayed due to challenges in validating the cost data from missions. The valuation methodology for all assets was presented to the Board of Auditors in January 2013.* However, at the time of preparing the present report, the methodology was still not finalized.

39. Another significant pending task was mapping of plant and equipment to IPSAS subclasses and useful lives. This is essential for consistent classification of individual plant and equipment items. The target date for this task was stated as 'past due' in the Action Plan for Volume I, and no revised target date was set for this activity. *OPPBA commented that a memorandum was issued 16 February 2012 to UNHQ and OAHs guiding them on the classification and mapping of plant and equipment items to IPSAS subclasses and useful lives. Submissions were received by July 2012. This matter was substantially resolved and will be augmented with a second data call in the first half of 2013. Work is underway to formalize the coordination of IPSAS implementation activities at UNHQ.* OIOS notes however, that version 7 of the Action Plan for Volume I issued on 15 October 2012 indicated that this activity was past due.

Policy Framework on the implementation of International Public Sector Accounting Standards needed to be operationalized

40. The IPSAS Policy Framework was issued in August 2012. The Policy Framework needed to be translated into implementation manuals, guidelines and standards of operating procedures, which will require significant time. Since a recommendation has already been issued by Board of Auditors on the operationalization of the approved IPSAS policies, OIOS does not issue a recommendation.

C. Training and development plans

Training needs were analyzed and a training plan developed

41. A United Nations system-wide survey was undertaken in April 2007, which identified the broad training needs. To refine the training needs for the United Nations Secretariat, the United Nations IPSAS Project Team conducted a snap survey from October 2011 through February 2012. The survey results showed that 2,900 staff required training at the intermediate level of which 500 will also be given the advanced level training. The 2012 training plan outlined the training approach and coverage.

Training activities were in line with the plan

42. Training activities commenced in January 2010 with the roll out of the Computer-Based Training (CBT) on Orientation to IPSAS on the Internet. Training products were also developed for the United Nations system-wide organizations. Table 3 shows the status of the United Nations IPSAS training activities as at 31 July 2012, which indicated good progress vis-à-vis the target completion dates.

Table 3

Status of the United Nations IPSAS training activities as at 31 July 2012

Training Approach	Actual number of staff members trained/certificates issued as at 31 July 2012	Overall target set	% completion since January 2010	Target completion date
Awareness (CBT-1)	7 703*	10 000*	77%	
Working level - conceptual (CBT -2 to CBT-7)	20 720*	25 000*	83%	End of project
Intermediate level	1 834	2 900	63%	December 2012
Train-the-Trainer	130	No target set	N/A	November 2012
Advanced level	Due to start in 2013	500	N/A	December 2013

(*) Indicates certificates

43. Advanced level training is scheduled to start in 2013. Senior management training will also be conducted in 2013 for managers at the D-2, Assistant Secretary-General and Under-Secretary-General levels.

The effectiveness of the International Public Sector Accounting Standards training programmes was measured

44. The United Nations IPSAS Project Team conducted an on-line survey of staff members at both peacekeeping missions and non-peacekeeping offices who attended the Intermediate Level instructor-led training sessions. The survey results showed that training materials were considered to be interesting, understandable and very informative.

IV. ACKNOWLEDGEMENT

45. OIOS wishes to express its appreciation to the Management and staff of OPPBA for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the management of the project to implement International Public Accounting Standards at the United Nations Secretariat

Recom. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
1	OPPBA should establish a project assurance role for IPSAS to enhance oversight and monitoring of all aspects of the project's performance independently of the Project Manager.	Important	C	Action completed.	
2	OPPBA should ensure that the United Nations IPSAS Project Team members document actions to address risk mitigation actions planned that are past due and report to the Steering Committee on the effectiveness of the control activities.	Important	C	Action completed.	
3	OPPBA should develop a plan to address the human resources needs throughout the Secretariat for the whole life of the IPSAS implementation project.	Important	C	Action completed.	
4	OPPBA should define the arrangements that will be used to coordinate and periodically monitor IPSAS implementation activities in UNHQ.	Important	O	Submission of documentation showing that additional project management tools have been implemented to monitor activities related to systems upgrades, property, plant and equipment, and inventory.	30 September 2013
5	OPPBA should ensure that the United Nations IPSAS Project Team addresses shortcomings identified in the project management tools and practices, including incorporating Headquarters activities in the consolidated reports, reviewing submissions and resolving inconsistent and inaccurate reporting.	Important	O	Submission of documentation showing that the status of IPSAS implementation activities at Headquarters have been incorporated in consolidated reports.	30 September 2013

³ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

⁴ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁵ C = closed, O = open

⁶ Date provided by OPPBA in response to recommendations.

APPENDIX I

Management Response

MANAGEMENT RESPONSE

Audit of the management of the project to implement International Public Sector Accounting Standards at the United Nations Secretariat

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1.	OPPBA should establish a project assurance role for IPSAS to enhance oversight and monitoring of all aspects of the project's performance independently of the Project Manager.	Important	Yes	Deputy Controller	Implemented	The role of IPSAS Project Assurance has been created as an independent role to the IPSAS Project and has been assigned to the Chief of the Financial Information Operations Service, OPPBA. From February 2013, the IPSAS Project Assurance has started to report to the IPSAS Steering Committee.
2.	OPPBA should ensure that the UN IPSAS Project Team members document actions to address risk mitigation actions planned that are past due and report to the Steering Committee on the effectiveness of the control activities.	Important	Yes	Deputy Controller	Implemented	Action plans for all United Nations reporting entities are continuously updated and reports are presented regularly to the Steering Committee on the risks and mitigation actions.
3.	OPPBA should develop a plan to address the human resources needs throughout the Secretariat for the whole life of the IPSAS implementation project.	Important	Yes	Director, Accounts Division, OPPBA	Implemented	The human resources needs to support IPSAS implementation were assessed and as a result, resources were dedicated for the Field Monitoring Team to support peacekeeping operations and additional

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						resources specifically dedicated to support each of the Offices away from Headquarters and regional commissions.
4.	OPPBA should define the arrangements that will be used to coordinate and periodically monitor IPSAS implementation activities in UNHQ.	Important	Yes	Director, Accounts Division, OPPBA	30 September 2013	OPPBA has coordinated with OICT and ICTD to put in place a project management tool for monitoring the detailed changes and change management activities related to the upgrades of IMIS and Galileo for IPSAS requirements. More recently a project management tool has been developed to monitor the detailed work plan on Property, Plant and Equipment (PP&E) and inventory at United Nations Headquarters (UNHQ) that is being led by OCSS; this Project Management tool will become part of the activities that are rolled up to the overall status of the project that is reported to the IPSAS Steering Committee.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5.	OPPBA should ensure that the UN IPSAS Project Team addresses shortcomings identified in the project management tools and practices, including incorporating Headquarters activities in the consolidated reports, reviewing submissions and resolving inconsistent and inaccurate reporting.	Important	Yes	Deputy Controller	30 September 2013	<p>The IPSAS project management tools are continuously enhanced to provide for more accurate, complete and timely reporting on IPSAS implementation progress. Also, project tools are being aligned and combined where possible with the Umoja project to minimize duplication of efforts and facilitate the work of the IPSAS and Umoja local implementation teams. The IPSAS project team has been working very closely with UNHQ stakeholders directly and the relevant tasks are already tracked through the IPSAS Action Plans which clearly identified activities, timelines and responsibilities (via a RACI Matrix). Headquarters activities are therefore already identified in the Action Plans and their progress is monitored and updated on a regular basis. However more will be done to have these activities included in the consolidated reports on progress.</p>