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COUNCIL  
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Agenda item 4(a)

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## PROGRAMME FOR CHANGE

### (a) Organizational Reforms

#### Note by the Secretary-General

#### SUMMARY

**Executive summary:** This document provides a further update on the progress of the Organization towards implementation of the International Public Sector Accounting Standards (IPSAS)

**Action to be taken:** Paragraph 7

**Related documents:** C 98/4(a); C 97/4(a); C 96/14(b), C 96/4(a); C 90/13/Add.1; and C 89/11/Add.2

#### Introduction

1 The Council will recall the information provided in document C 98/4(a) on the progress of the Organization, and the UN as a whole, towards implementation of the International Public Sector Accounting Standards (IPSAS). This document provides an update on work subsequently undertaken in this area.

#### Progress Report on IPSAS implementation

2 Following the Council's approval in principle, at its ninety-eighth session, of the Organization's move to adopt IPSAS from 2010, work on the implementation of IPSAS has been ongoing. Particular areas of focus have been:

- the development of a detailed project plan to support the implementation, identifying major milestones, tasks, resources and deliverables. The plan also coordinates the activities of the main strands of the project, specifically the IPSAS implementation, implementation of SAP HR and Payroll, and the technical upgrade required to SAP;
- a detailed review of IPSAS guidance issued to date, on a topic-by-topic basis, and its implications for the Organization;
- the commencement of work on the development of IPSAS compliant accounting policies for the Organization; and
- the commencement of work on topic-specific implementation guidance for the Organization, setting out, for example, how to apply IPSAS to donor agreements.

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3 This work will continue through the remainder of 2007, along with the process of learning from UN system 'early adopters', who have issues in common with IMO, in particular from ICAO. The ultimate output will be a re-drafted accounting manual for the Organization, and the task of developing such a document in a coherent fashion should not be underestimated. This work will then feed into the definition of requirements for the SAP work required to support IPSAS, which will be undertaken later in 2008 and during 2009.

#### **Update of the Organization's Financial Regulations and Financial Rules**

4 The Council will recall that the introduction of IPSAS will require some amendments to the Organization's Financial Regulations and Financial Rules, with areas requiring attention being outlined briefly in document C 98/4(a).

5 For reasons of efficiency and effectiveness, and to support the process of standardization across the UN system, the Organization conducted some preliminary research into other organizations' Financial Regulations and Financial Rules, and, in particular, into amendments being made as part of the IPSAS project. At a recent meeting of the UN Finance and Budget Network, there was a brief introduction by the United Nations Development Group (UNDG), comprising the United Nations, UNDP, UNICEF, UNFPA and WFP, on a project they had been undertaking to arrive at a single, standardized set of Financial Regulations and Financial Rules for UNDG organizations. This work involved work on standardization of existing Financial Regulations and Financial Rules, along with an update to better reflect changing practices and principles, and specifically updates required to support the introduction of IPSAS. The outcome of this work is anticipated in draft form in late 2007, to be finalized during 2008.

6 Whilst this work may not be directly transferable to the Organization's own Financial Regulations and Financial Rules, in the interests of harmonization across the UN system the Organization has temporarily postponed its own review of its Financial Regulations and Financial Rules in order to use the work of the UNDG as a reference point. Depending on the output from the UNDG, there may be an opportunity for a broader updating of the Financial Regulations and Financial Rules to move closer to standardization, beyond the changes needed for IPSAS, although the practicability and benefits from such an approach will be the subject of review when the UNDG report is available.

#### **Action requested of the Council**

7 The Council is invited to take note of the information contained in this document.