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Financial reports and audited financial statements, and reports of the Board of Auditors

Proposed programme budget for the biennium 2012-2013

Fourth progress report of the Secretary-General on the adoption of the International Public Sector Accounting Standards by the United Nations and report of the Board of Auditors

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the fourth progress report of the Secretary-General on the adoption of the International Public Sector Accounting Standards (IPSAS) by the United Nations (A/66/379). The Committee also received a copy of the report of the Board of Auditors on progress in the implementation of the International Public Sector Accounting Standards (see A/66/151). During its consideration of these reports, the Committee met separately with representatives of the Secretary-General and the members of the Audit Operations Committee of the Board of Auditors, who provided additional information and clarification.

2. A total of 23 organizations of the United Nations system will transition to the International Public Sector Accounting Standards for the presentation of their financial statements. Annex I to the Secretary-General's report provides an update on the implementation target of each organization (see also A/66/151, annex I). As indicated, the World Food Programme (WFP) was the first United Nations organization to transition to IPSAS in 2008. During the reporting period, eight additional organizations produced their first IPSAS-compliant financial statements in 2010. A further two organizations plan to transition to IPSAS in 2011, nine in 2012, one in 2013 and the remaining two in 2014, including the United Nations. From footnote (b) to annex I to the report of the Board of Auditors, the Advisory Committee notes that the United Nations Joint Staff Pension Fund, currently targeting its transition in 2012, is tentatively planning to move its implementation of IPSAS to a period that coincides with that of the United Nations.

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I. Fourth progress report of the Secretary-General on the adoption of IPSAS

3. The Secretary-General's report (A/66/379) reviews progress in IPSAS implementation throughout the United Nations system during the period from 1 August 2010 to 31 August 2011. It is presented in two parts, the first of which addresses the activities of the system-wide IPSAS project team and progress made by the organizations of the United Nations system. The second part focuses on adoption of IPSAS at the United Nations Secretariat. Background information on the project is provided in paragraphs 1 to 7 of the report.

A. United Nations system-wide IPSAS adoption activities

4. The Secretary-General's report provides information on the activities, governance and budget of the system-wide project team of the United Nations System Chief Executives Board for Coordination, the development of IPSAS-compliant accounting policies and guidance, the lessons learned as well as the cross-cutting issues, challenges and risks faced by the implementing organizations. The Advisory Committee notes that the role of the system-wide team has been extended until the end of 2013, and that an independent review of system-wide IPSAS-related activities will also be conducted before the end of 2013, with a reassessment of the way forward beyond 2013 (A/66/379, para. 8). **The Committee looks forward to receiving information on the outcome of the review in the Secretary-General's next progress report.**

5. As indicated above, the key development during the reporting period was the transition to IPSAS of eight additional organizations which produced their first IPSAS-compliant financial statements for 2010. The Advisory Committee notes that seven entities received an unqualified opinion from their respective external auditors and the statements of the eighth entity are expected to be finalized by the end of the year. The Secretary-General states that the remaining entities are on track for implementation within their respective timelines (ibid., para. 4).

6. With regard to IPSAS-compliant accounting policies and guidance (ibid., paras. 11-16), the Secretary-General indicates that the system-wide team focused on maintaining the policy platform established in 2007 and in providing further guidance with respect to specific IPSAS requirements. The team updated guidance on the use of the United Nations operational rate of exchange, as well as five system-wide papers to reflect new standards on intangible assets and financial instruments. It continued to monitor the activities of the IPSAS Board, assess the impact of new or amended standards and pronouncements on United Nations system organizations, and prepare submissions on behalf of the Task Force on Accounting Standards of the High-level Committee on Management. The team also attended the quarterly IPSAS Board meetings and provided support to the thematic working groups and working focus groups formed to address issues, and develop guidance and practical approaches to IPSAS implementation in a wide range of issues in such areas as employee benefits, valuation of inventories and budget reporting under IPSAS. The Advisory Committee was informed that a total of 63 papers had been presented and accepted by the Task Force as policy/guidance material to support consistent application of IPSAS throughout the United Nations system. In addition,

a report on the comparison of United Nations system IPSAS-compliant financial statements for the year ended 31 December 2010 was presented at the meeting of the Task Force held in September 2011.

7. The Advisory Committee notes that the system-wide team developed a framework to guide implementing entities in their interactions with the external auditors. The framework incorporated lessons learned from WFP, the first successful IPSAS adopter (ibid., para. 19). With regard to training, the Committee notes that training aids for five of the seven computer-based courses for IPSAS training[1] were translated into French and Spanish by the United Nations Children's Fund and that the United Nations Development Programme has translated the first computer-based course "Orientation to IPSAS" into French and Spanish; the translated training products were shared with the United Nations system organizations (ibid., para. 21).

8. The Secretary-General provides information on the management of accounting diversity among the United Nations system organizations (ibid., paras. 15-16). He indicates that a survey conducted to gather information on the application of accounting policies by the participating organizations showed a high level of consistency in the application of accounting policies approved by the Task Force, but wider differences in the interpretation of IPSAS standards on which the Task Force had only provided guidance. The Advisory Committee notes that issue papers are being developed to provide guidance in the areas in which differences in interpretation were identified, and that additional work is under way to identify further diversity. **The Advisory Committee recognizes the need to manage accounting diversity among organizations arising from differences in regulatory frameworks, institutional arrangements, implementation mandates and modalities, business models and alternatives allowed by the IPSAS standards. It also emphasizes the importance of ensuring consistency in the interpretation and application of IPSAS as well as of improving the comparability of the financial statements of the various entities of the United Nations system.**

9. The cross-cutting challenges and risks faced by the entities having already implemented IPSAS are outlined in the report (ibid., paras. 27-30). As indicated, these are closely monitored and reported on by the system-wide Task Force. The Advisory Committee notes, for example, the difficulties experienced in obtaining information on complying with IPSAS requirements, addressing the volume and complexity of accounting transactions under IPSAS, and ensuring that field operations were fully aware of their responsibilities, as well as in recruiting staff with IPSAS expertise. The Committee also notes the challenges faced during the closure process, and the difficulties arising from the lack of full understanding and application of the accrual method of accounting.

10. The Secretary-General enumerates the key lessons learned by the entities having implemented IPSAS in 2010 (ibid., para. 31). The Committee notes in particular the importance given to the involvement of the external auditors, the early identification of and agreement on accounting policies, the benefits of dry runs in resolving issues prior to the issuance of the financial statements, and the need for coordination with the enterprise resource planning project. Some information on the dividends of IPSAS identified by the United Nations system implementers is

[1] Developed in 2009 by the United Nations IPSAS team for use by all implementing entities.

provided (ibid., para. 32). For example, the implementing entities were able to enhance accountability and transparency through improved financial reporting on assets, liabilities, revenues and expenses, as well as improved controls and processes. They also indicated that the implementation of IPSAS had allowed improvements in the accounting and financial management skills of their staff and better informed decision-making on technical and accounting issues. The Advisory Committee was informed that the pool of IPSAS expertise within the United Nations system had expanded rapidly with the addition of eight new implementing entities and the upcoming transition of 11 more organizations. The focus of attention was now shifting towards post-implementation activities, including the realization of benefits as recommended by the Board of Auditors.

11. **The Advisory Committee recognizes the progress made thus far by the organizations of the United Nations system towards the preparation of the implementation of IPSAS. It notes the information provided on the challenges faced, as well as the lessons learned and benefits realized by the organizations having implemented IPSAS in 2010. The Committee encourages the Secretary-General to continue to gather, analyse and disseminate such information, as well as to draw upon the experiences of the early implementers to further refine the implementation plans and strategies of the organizations that have yet to transition to IPSAS.**

B. Adoption of IPSAS at the United Nations

12. Information on the IPSAS implementation project at the United Nations is provided in the Secretary-General’s report (A/66/379, paras. 33-80). The topics covered include project governance and oversight, the accounting policy framework, implementation and change management activities, as well as the deployment of the enterprise resource planning project, Umoja. An update on the status of expenditure as at 31 August 2011 is provided in a table (ibid., paragraph 79). As indicated in paragraph 70 of the report, IPSAS implementation is critically dependent on the timely implementation of Umoja. The delay in the implementation of Umoja was therefore a key factor affecting the United Nations IPSAS project during the reporting period (see also para. 28 below; A/66/151, paras. 34-37; and A/66/7, paras. VIII.7-VIII.9).

13. The Secretary-General’s third progress report on the implementation of the enterprise resource planning project (A/66/381), issued on 27 September 2011, provides information on the status of the project and proposes a revised approach for implementation of the enterprise resource planning project in phases. The first phase, referred to as Umoja Foundation, will support IPSAS requirements and include functions for financial management and administrative controls; certain central support services such as sales and distribution, travel management and real estate management; and supply chain procurement logistics. Umoja Foundation is planned to be piloted in January 2013 and deployed in clusters across the Organization by December 2014. The second phase, Umoja Extension, is planned to be deployed by December 2015, and will provide the remaining functions such as human resources management and budget formulation. The Secretary-General indicated that the Management Committee has increased its monitoring of project progress, especially with regard to the interdependencies between Umoja and IPSAS

implementation. The Committee comments on these proposals in its related report (A/66/7/Add.1).

14. The Secretary-General states that the revised approach for Umoja implementation would allow transition to IPSAS in 2014 as approved by the General Assembly. Annex II to the Secretary-General's report (A/66/379) shows the major milestones in United Nations IPSAS implementation. The Advisory Committee notes that the first set of IPSAS-compliant financial statements for the period ending June 2014 for peacekeeping operations, and December 2014 for other United Nations Secretariat operations, must be delivered by 30 September 2014 and 31 March 2015, respectively. This implies that opening balances under IPSAS must be ready as at 1 July 2013 for peacekeeping operations and 1 January 2014 for the rest of the Secretariat. Dry-run IPSAS-compliant financial statements, with real accounting data, are scheduled for December 2013 for peacekeeping operations and June 2014 for other Secretariat operations (ibid., para. 72).

15. The Secretary-General states (ibid., para. 74) that in order to address possible delays in the deployment of Umoja Foundation, contingency plans are being reviewed to produce the first IPSAS-compliant financial statements by the target dates using a combination of Umoja, existing information systems and workaround solutions. The Advisory Committee notes that the contingency plans envisaged include (a) using Galileo as an interim staging area for IPSAS-compliant property, plant and equipment, and inventory data in peacekeeping and special political missions; (b) leveraging an existing Department of Field Support system as a solution for automating notes disclosures which represent a significant part of the IPSAS-compliant financial statements; (c) continuing to use, temporarily and with some workarounds, some of the information systems which are currently used for asset management in Secretariat offices other than peacekeeping and special political missions; and (d) adapting a combination of manual and semi-automated processes to existing systems, Sun Accounts and the Integrated Management Information System (IMIS), to record fiscal period end expenditure based on the new principle of delivery of goods and services under IPSAS. The Secretary-General further states that, while utilization of existing systems and workaround solutions might support requirements for organization-wide IPSAS-compliance for a limited period of time to deal with possible delays in the deployment of Umoja, the temporary solutions envisaged are not sustainable, even in the medium term, owing to the complexity and volume of the work involved (ibid., para. 75).

16. **The Advisory Committee recognizes the need to plan for contingencies as recommended by the Board of Auditors. It also notes the strengthened measures put into place for managing risks outlined in paragraph 35 of the Secretary-General's report (see also para. 19 below). The Committee remains concerned, however, by the extent of the manual workarounds and temporary adaptations to existing systems envisaged, which will not be required beyond the initial implementation of IPSAS, and by the unsustainable nature of these solutions. The Committee is of the view that the approach envisaged presents risks that significant resources may be devoted to implementing temporary solutions that may not be sufficiently robust to ensure successful implementation, while at the same time taking vital resources away from the implementation of Umoja, thereby compounding risks of further delays in the delivery of the first phase (Umoja Foundation), cost escalation and unproductive use of resources.**

17. **To mitigate these risks, the Advisory Committee recommends that the Secretary-General be requested to exercise strict oversight over the implementation of the IPSAS project, ensure prudent stewardship of project resources, and establish clear lines of reporting and effective mechanisms for the rapid resolution of issues on a day-to-day basis. He should also be requested to closely monitor all developments and take prompt corrective action so as to contain costs, avoid further delays and ensure that a viable solution is put in place. The Advisory Committee further emphasizes the need for coordination of all project activities as well as full cooperation and collaboration among the numerous actors involved in the project.**

18. With regard to the activities of the project team during the reporting period, the Secretary-General states that significant progress was achieved in finalizing the framework of IPSAS-compliant accounting policies that was an essential foundation for the design and implementation of Umoja. The Advisory Committee notes that all 31 IPSAS standards have been analysed and policies specific to the requirements of the United Nations have been developed in most areas. The Committee also notes that proposals for revised financial regulations and rules will be submitted to the General Assembly for approval at its sixty-seventh session (A/66/379, para. 44).

19. The Secretary-General states that the focus of implementation has shifted from policy development to implementation planning and execution and risk management (ibid., para. 34). In addition to delays in Umoja deployment, the key risks to IPSAS implementation identified by the Secretary-General include (a) inaccurate opening balances of assets; (b) inaccurate and incomplete recording of assets; and (c) change management challenges. The status of preparedness of the Organization and the actions being taken to facilitate the determination of accurate opening balances are described (ibid., paras. 46-51). The Advisory Committee notes that existing systems, such as Galileo for peacekeeping operations, and other feasible workaround solutions will be used until Umoja becomes available for recording and updating the balances (see para. 15 above). Preparatory activities under way include codification of non-expendable property and development of instructions to facilitate classification of assets and ensure the completeness, accuracy and reliability of asset accounting records. The Committee also notes that, as part of risk mitigation efforts, collaboration has been initiated with the Office of Internal Oversight Services to secure its support in identifying potential issues, and that the Board of Auditors will continue to be involved, including during the review of dry run financial statements. The Committee further notes that the IPSAS Steering Committee has increasingly focused on identifying and managing risks to timely implementation rather than on policy formulation, and that the Management Committee has also intensified its oversight of the progress of the Umoja and IPSAS projects, owing to the critical dependence of the IPSAS project on the timely implementation of Umoja (see A/66/379, para 35). **The Advisory Committee recognizes the progress made thus far towards IPSAS implementation by the United Nations and notes the efforts aimed at strengthening oversight, enhancing risk management and engaging with oversight bodies.**

20. The Secretary-General indicates that change management activities, including communication and training, have been strengthened in order to promote understanding of forthcoming changes and ensure effective transformation at all levels throughout the Organization. The change management activities are described in the report (ibid., paras. 52-69). The Advisory Committee notes that the IPSAS

training plan envisages a two-pronged approach, comprising awareness and instructor-led training. It was informed that a third component, Umoja training, will complement and support IPSAS training, providing an operational “hands on” focus to the recording of IPSAS-based transactions.

21. As indicated in the Secretary-General’s report (ibid., para. 60), computer-based training is offered online and aims to raise awareness and provide a range of IPSAS concepts in the areas of accounting for property, plant and equipment, inventory, employee benefits, leases and provisions, and contingent liabilities and contingent assets. Instructor-led training courses consist of intermediate and advanced levels, and are designed to further develop conceptual understanding of IPSAS principles and requirements, and to examine their impact on work processes and financial statements. The Committee was informed that intermediate-level instructor-led courses focused on preparing staff for pre-implementation tasks such as the determination of requirements for opening balances had started, covering topics such as accrual accounting, property, plant and equipment, inventories, leases and intangible assets. The Secretary-General indicated that the instructor-led training, which will be supported by a “train-the-trainer” programme, was intended for approximately 1,200 staff in the areas of facilities management, property management, information technology, human resources management, resource mobilization and finance. Advanced training was destined exclusively for finance staff contributing directly to the preparation of financial statements or requiring in-depth understanding of the statements; the Secretary-General further indicated that some 500 staff would require such in-depth training. The Committee was also informed that nominations for the identification of candidates to be trained, based on established criteria, were under way. **The Advisory Committee notes the emphasis placed by the early implementers on training as part of the readiness for IPSAS implementation. It stresses the importance of benefiting from the experience and guidance of the early implementers, and to ensure adequate preparedness of the United Nations for its transition to IPSAS.**

22. The Advisory Committee notes that the introduction of full accrual accounting will have a significant impact on business processes and culture, and lead to management improvements in some areas. For example, with the introduction of the IPSAS requirement to recognize expenditure upon delivery of goods and services rather than on the basis of obligations, the receipt and inspection function will become an integral part of the accounting process and permit more timely and accurate recording of expenses. The new procedures will affect business processes related to the receipt and inspection function, as well as the programme management functions, by highlighting variances between budget performance and financial statements. Programme managers will therefore have to manage their resources more proactively. In response to the Committee’s query, the Secretary-General indicated that the information required for managers to support improved operations and decision-making would be provided through the enterprise resource planning project and its enhanced managerial reporting and accounting capabilities, and furthermore that such managerial accounting was a key requirement for the realization of the benefits of IPSAS discussed by the Board of Auditors. **The Advisory Committee shares the Board’s view that achievement of unmodified audit opinions alone will not signal successful IPSAS implementation, but that the benefits to improved decision-making and more cost-effective delivery of programmes and services are equally as important (see A/66/151, summary and**

paras. 10-33). It expects the Secretary-General to develop a benefits realization plan as recommended by the Board of Auditors, and encourages him to actively pursue efforts to develop a business culture focused on improved performance and effectiveness as the Organization prepares for its transition to IPSAS.

23. In his report the Secretary-General states that IPSAS allows transitional provisions for certain standards, in order to provide additional time to gradually meet the full requirements of those specific standards after transitioning to IPSAS (A/66/379, para. 40). He indicates that, as part of its risk mitigation strategy, the United Nations decided to selectively invoke transitional provisions for the opening balances of assets in order to address any unexpected issues that could be encountered in gathering data. The Advisory Committee notes that transitional provisions in the following areas have been incorporated into the United Nations IPSAS policy framework:

(a) The recognition of property, plant and equipment items, for which a period of up to five years is allowed under IPSAS; while aiming to complete recognition of these items on time for the opening balances, the Organization has proposed to invoke transitional provisions for the recognition of project assets, self-constructed assets and capital improvements to leasehold assets;

(b) Intangible assets, which may be recognized prospectively after transitioning to IPSAS, that have not been maintained under the United Nations system accounting standards;

(c) Comparative information for the previous year, which will not be provided in the first IPSAS-compliant financial statements, as approved in 2007 by the Task Force on Accounting Standards of the High-level Committee on Management.

While recognizing the need to selectively invoke transitional provisions for certain standards in order to mitigate risks, the Advisory Committee trusts that every effort will be made to reflect property, plant and equipment items on time in the opening balances.

24. From the report of the Secretary-General (A/66/379, paras. 76-77) the Advisory Committee notes that, to further reduce risks arising from the complexity and scale of final IPSAS implementation, the United Nations has adopted a progressive implementation strategy and is gradually incorporating individual standards into financial statements in successive fiscal cycles before full IPSAS implementation. The Organization is focusing initially on IPSAS requirements which do not require enhancements to existing information systems, such as disclosures of new information. The list of standards that have already been incorporated is provided in the report (ibid., para. 77). **The Advisory Committee notes the approach taken and encourages the Secretary-General to pursue such efforts.**

II. Report of the Board of Auditors on progress in the implementation of IPSAS

25. The Board of Auditors conducted its first annual audit of IPSAS implementation pursuant to General Assembly resolution 65/243, in which the

Assembly endorsed the observations and recommendations of the Advisory Committee (see A/65/498). The report covers the entities audited by the United Nations Board of Auditors, as shown in annex I to the Board's report. The Board discusses separately IPSAS implementation at the United Nations,[2] the funds and programmes and other entities,[3] and the United Nations Joint Staff Pension Fund. The report of the Board of Auditors provides a summary of the progress achieved to date by each entity, the key risks to the successful delivery of the full benefits of IPSAS, and the actions required to address those risks. The Board indicates that its observations and conclusions were discussed with the respective administrations of each entity, whose views have been reflected in its report (see A/66/151, para. 9).

26. The Board reviewed the progress of each entity against the implementation deadline and assessed IPSAS implementation in several areas. In particular, the Board sought to determine whether the entity in question had established the following:

(a) A detailed implementation plan;

(b) Effective governance and implementation arrangements;

(c) Plans for data collection, cleansing and migration for IPSAS implementation;

(d) Model draft financial statements and plans for sharing them with the Board;

(e) Plans for establishing opening balances and preparing dry run financial statements with real accounting data in the year prior to IPSAS implementation;

(f) A fit-for-purpose enterprise resource planning system to address the increased requirements for data on accounting transactions under IPSAS;

(g) An effective benefits realization plan;

(h) An effective business change management programme.

The table provided in the summary of the Board's report presents an overview of the progress of each entity in these areas.

27. With regard to the funds and programmes and other entities which are planning to transition to IPSAS in 2012,[3] the Board was of the view that implementation on target was possible, but that there were key tasks to be completed in some entities and significant risks to be mitigated if IPSAS was to be implemented on time. Key areas of concern included (a) potential delays in the finalization of accounting policies and migration of data; (b) challenging timetables for dry runs leaving inadequate time for review and correction; and (c) lack of fully resourced and expert implementation teams in most organizations. The Board recommended, inter alia, that all entities, including the United Nations, (a) prepare model financial statements and produce clear plans for a dry run set of accounts with real accounting data,

[2] Comprising the United Nations Secretariat and peacekeeping operations.

[3] United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), United Nations Children's Fund (UNICEF), United Nations Office for Project Services (UNOPS), Office of the United Nations High Commissioner for Refugees (UNHCR) and United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). UN-Women will adopt IPSAS in keeping with the schedule of UNDP.

factoring in sufficient time for review by the Board; (b) establish fully resourced and expert IPSAS implementation teams; and (c) establish a clear plan for data collection, cleansing and migration for IPSAS implementation. Annex III to the Board's report provides examples of accounting data required to support IPSAS-compliant financial statements.

28. The Board's findings and recommendations on the United Nations[2] are set out in its report (A/66/151, paras. 34-66). The Advisory Committee notes that, at the time of the Board's examination, the implementation of the enterprise resource planning project for the United Nations (Umoja) was being reassessed to see whether it could be refocused on the delivery of the elements needed to support IPSAS implementation on target for 2014 (see A/66/151, paras. 34-39; and A/66/7, paras. VIII.9-VIII.10). The Board considered that IPSAS adoption at the United Nations presented a particularly high risk owing to the uncertainties over the implementation of Umoja, as well as the scale, the number and the complexity of the entities involved, including peacekeeping operations. The Board indicated that it could not provide any firm assurance that the United Nations was on track to deliver IPSAS adoption by 2014 until a decision had been made on Umoja, and a clear overarching implementation plan had been established. While recognizing the logic in prioritizing the parts of Umoja that support IPSAS, the Board noted that other elements of Umoja would by necessity be delayed, thereby creating risks to business transformation in other priority areas and potentially delaying, or even reducing, the full delivery of the intended benefits from Umoja. The Board recommended that the United Nations fully examine all of the potential interdependencies, risks, costs and benefits of a phased implementation of Umoja and IPSAS, and also assess the feasibility of combining the business change activities for Umoja and IPSAS. It further recommended, inter alia, that the Secretariat prepare a practical and detailed implementation plan as soon as possible after a decision had been made on the revised Umoja implementation strategy, including contingency plans should the implementation of Umoja as scheduled prove impossible, as well as an effective risk framework (see also para. 27 above). In this connection, the Advisory Committee notes that the Secretary-General's fourth progress report on IPSAS implementation, issued in September 2011, provides information on the revised approach for the implementation of Umoja (see paras. 12-24 above).

29. The Board considered the benefits that the adoption of IPSAS would confer on the entities involved (United Nations Secretariat and peacekeeping operations, funds and programmes and entities), and how the realization of those benefits was being managed, including whether the associated business change management disciplines were in place or being established (A/66/151, paras. 10-33). While recognizing that the full benefits of IPSAS and accrual accounting would be realized over time, the Board emphasized the importance of ensuring that all staff understood the new information that would be available to them and how it could be used to support improved decision-making and management in areas such as performance measurement, activity costing, investment appraisal, cost-effectiveness of operations and accountability. The Board also stressed that a major cultural change and engagement of staff and management would be required to realize full benefits over time. It noted that plans to realize these benefits were absent in nearly all entities and that appropriate change management arrangements were not yet in place to achieve the necessary transformations. The Board recommended that all entities

establish IPSAS benefits realization plans and organization-wide change management programmes to ensure delivery of all the intended benefits of IPSAS.

30. The Board discussed the implications of the issuance of financial reports on an annual basis for the schedule of the work of various stakeholders, including the Fifth Committee of the General Assembly, the Advisory Committee and the Board itself (ibid., paras. 31-33). It noted that discussions were under way on the potential scenarios, options and solutions for consideration by the General Assembly, and highlighted the pressing need to resolve this matter. The Advisory Committee notes that the Secretary-General intends to present proposals in this regard in the next IPSAS progress report, after broad consultation (see A/66/379, para. 43).

31. **The Advisory Committee welcomes the first report of the Board of Auditors on progress in the implementation of IPSAS. In the Committee's view, the Board's report provides the General Assembly with valuable information on key issues and the status of IPSAS implementation at the United Nations,**[2] **and the funds and programmes and other entities.**[3] **The Committee considers that the Board has an important role to play in providing advice and guidance to the implementing entities. It also believes that close collaboration between the Board of Auditors and the concerned entities must be sustained throughout the implementation process in order to ensure successful transitions to IPSAS, and encourages continued active engagement on all outstanding matters. The Committee recommends that all entities be requested to expedite full implementation of the recommendations issued by the Board.**

III. Conclusion and recommendation

32. The actions requested of the General Assembly in relation to the fourth progress report of the Secretary-General on the adoption of the International Public Sector Accounting Standards by the United Nations are set out in the report (A/66/379, para. 81).

33. **Taking into account the views and recommendations expressed in the present report and issues raised by the Board of Auditors, the Advisory Committee recommends that the General Assembly take note of the progress made since the issuance of the third annual progress report and that the Secretary-General be requested to continue reporting on the status of the system-wide and United Nations IPSAS implementation projects. The Committee further recommends that the General Assembly take note of the Secretary-General's plan to present proposals for the amendments to the Financial Regulations and Rules at the main part of the sixty-seventh session of the Assembly.**