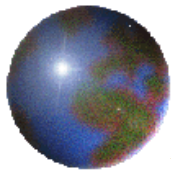


UNFPA – sustaining IPSAS compliance

*TFAS annual meeting
2-3 October, 2017*



Main challenges – 2016 accounts closure



✚ *Revenue recognition*

- ✚ Full recognition of multi-year agreements – challenges communicating annual financial performance results to stakeholders;
- ✚ Proliferation in the number of non-standard donor agreements – greater workload associated with review and higher risk of inconsistencies;
- ✚ Changing political environment in major donor countries - re-consideration of standard agreements for potential ‘control jeopardy’ clauses (e.g. contributions subject to parliamentary approval)

✚ *Introduction of new investment portfolio, classified as available-for-sale*

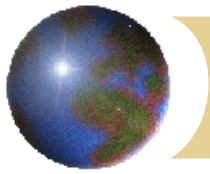
- ✚ Challenges associated with satisfying presentation and disclosure requirements for the new portfolio, often caused by lack of dedicated reporting from the third party provider

✚ *Intangible assets*

- ✚ Quantifying annual research and development costs – recommendation carried forward from 2015. Its implementation involved very resource-intensive effort on quantifying eligible costs of projects that do not meet definition and / or recognition criteria for intangible assets

✚ *Annual leave*

- ✚ New recommendation from BOA to adjust annual leave liabilities for events processed after December payroll cut-off date



Sustaining IPSAS compliance in 2017



✦ *IPSAS 34-38*

- While adoption of these standards is not expected to have significant impact on UNFPA accounts for 2017, documenting review of all potential arrangements requires substantial effort. Model developed by the TFAS's sub-committee in 2016 is very helpful.

✦ *IPSAS 39*

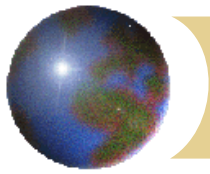
- Adoption of IPSAS 39 is planned for 2018. No substantial impact is envisaged, since UNFPA never utilized corridor approach. However, detailed analysis has not yet been carried out.

✦ *Actuarial valuation for 2017*

- Some challenges could originate during data validation, particularly for active retirees.
- 2017 valuation is expected to take full account of changes in staff conditions of service adopted in Dec'2015.

✦ *Accounting for investments*

- Composition of investment portfolios is becoming more diversified, particularly for ASHI funding portfolio, in order to ensure adequate ROI – new instruments may be subject to specific presentation and disclosure requirements, which are often very complex.



Suggested topics for TFAS agenda



Financial instruments

- Learn from one another and ensure consistency in presentation (e.g. classification of derivatives)



ASHI

- Based on recommendation from BOA, to develop a threshold or set of criteria for determining ‘significant changes’ in the ASHI population requiring performance of full valuation in the roll forward year.