FINAL: IPSAS Adoption Steering Committee Meeting Minutes

Video Conference Wednesday February 14th 2007

9.00 – 10.30 (15.00 – 16.30)

1. Introduction, Agenda and Minutes

1 Mr. Jay Karia, Chairman of the Steering Committee welcomed the Steering Committee members to the meeting.

i) The meeting's agenda was confirmed.

ii) The minutes for the previous meeting were confirmed with two amendments: paragraph 6 - amend July 2007 to July *2006*. paragraph 6 - include action point 'regular meetings between IPSAS team members and Early Adopters'.

Action Point:

- Amend minutes and post on the website.

2. Review of Action List (Appendix 2)

2 The action list was reviewed. Issues arising were as follows:

a) Several actions relating to amendment of papers had not been completed. These had been delayed due to the focus on accounting policy papers, but should be completed soon.

b) Mr Gary Eidet has provided comments on budgeting, spending authority and funding to the Steering Committee, so this action point has been completed.

c) The recruitment of a further team member with responsibility for 'budget implications' – expected to start during February - has fallen through. Several actions are planned to address this, including using a just-posted vacancy announcement to identify further candidates, requesting Task Force members to propose staff for secondment, and use of the IFAC network to draw attention to the vacancy. Use of a consultant was not considered the right option, because this role requires a longer term perspective.

d) Employee benefits presentation should be provided to Rome focus group. Ideally this would be a presentation in person, but the presentation will be sent to Rome and followed up later with Mr des Robert presenting on this topic in person. WFP raised the point that there is a disconnect in that New York was able to receive the presentation before Rome, even though Rome is the Focus Group responsible for this topic. It was clarified that Mr des Robert was asked to pilot the presentation in New York while he was there during January.

e) Consolidation project: The terms of reference have been amended to include coverage of UN-related entities. WHO emphasized that this is a priority topic and needs to be addressed urgently. WHO should be provided with a draft as soon as possible, if the final version is not yet available. Mr Karia stated that the revised TOR will be provided to WHO to initiate procurement in the following week.

f) Billing for the jointly financed IPSAS project has now happened and agencies are requested to please pay promptly when the memorandum is received.

g) There was discussion of the funding formula proposed in the latest ASHI report, which will be available soon. Mr Karia will talk to the UN Budget director to find out how this

funding formula will affect UNHCR and provide this information to Mr Colin Mitchell of UNHCR.

3 IAEA asked that future Steering Committee papers be posted into the website folder, because there have been problems receiving papers for this meeting.

4 Mr Gary Eidet emphasized the importance of making progress on the budget implications issue. IAEA's Executive Director expects the organization to make the transition to full accrual budgeting and capital budgeting. This needs focus and attention and recruitment of the required resource must be an absolute priority. What is needed is preliminary guidance on how we are going to go about this.

5 It was noted that the OECD is holding its annual Symposium on Accruals in March and representatives from the Task Force and senior budgeting in Europe should attend. As done previously, information on the Symposium will be circulated to Task Force members, the names of those who decide to attend should be sent to Ms Jensen who will then circulate the list to all participants so that they can coordinate. She will also attempt to arrange for a meeting outside of the Symposium between the UN System participants and a senior budget official from one of the governments presently using accrual budgeting.

6 WHO asked about the dates for the next face-to-face Task Force meeting. These have now been finalized for 18 to 20 June followed by a joint session of the Task Force and FBNetwork on 21 June. The meeting will be in Geneva, hosted by UNOG. [? Comments not clear from notes: 'Not shared with Geneva Focus Group. Prioritize – who is responsible.]

Action Point(s):

- Take action to address lack of staff member for the budget implications part of the project. (Actions such as using a just-posted vacancy announcement to identify further candidates, requesting Task Force members to propose staff for secondment, and use of the IFAC network to draw attention to the vacancy.)
- The revised consolidation TOR will be provided to WHO to initiate procurement in the following week.
- Mr Karia will talk to the UN Budget director to find out how this ASHI funding formula will affect UNHCR and provide this information to Mr Colin Mitchell of UNHCR.
- Information on OECD Symposium to be circulated to Task Force, registrants to provide their names to Ms Jensen who will then circulate and arrange meeting with a senior budget official.

3. Discussion of draft IPSAS Progress Report

7 The Committee discussed the draft IPSAS Adoption Progress Report for the six months ending January 31 2007. Task Force members had met the somewhat challenging deadline for providing information about IPSAS adoption progress and a draft report describing the progress of the IPSAS project as a whole and that of individual

organizations as they adopt IPSAS had been drafted. The draft report had been circulated to Task Force members for comments and requested amendments. Committee comments were as follows:

a) The report has an imbalance in the coverage of organizations, with those in Europe getting less coverage than those in New York.

b) There could be more discussion of individual organizations and what they are doing.

c) Check the number of papers that have been produced, is it really nineteen.

d) It is important to show which organizations are responsible for taking the lead on particular topics.

8 Ms Jensen noted that the balance between Part 1 of the report, which describes progress made by the system-wide team, and Part 2 of the report, which provides a summary/overview of progress made by individual organizations, may need to change in the future to place more emphasis on individual organizations. Also, it may make sense for the next progress report to reverse the order and have the overview of individual organizations' progress first and the system-wide project progress second. For this report to the HLCM, a large amount of detail on individual organizations' progress has been removed to make the report more high level, shorter, and less technical. The detailed information has been collected and a detailed report for the Task Force and FBNetwork has been prepared, which will be circulated to the Task Force, after the HLCM report is finalized.

Action Point(s):

- Take into account Committee comments in revising the progress report.
- Include issues raised that apply to the next report (to the end of July 2007) as input into its content and structure.

4. Training: Information from Geneva

9 Mr Jean-Francois des Robert described recent progress on the training deliverable. He discussed training with WHO the day before. The training questionnaire will be sent to all entities. This questionnaire will help to identify their training needs. He provided a presentation on IPSAS training while in New York to the New York based organizations (UN, UNDP, UNFPA, UNOPS, UNICEF) as an introduction to the topic of IPSAS training. Once the questionnaire has been finalized it will be sent out. The questionnaire is important, including the resulting statistics for procurement purposes. Organizations will want to debate their training needs internally. It will be important to continue with the procurement process. There are e-learning possibilities. Managers need to participate in order to promote organizational learning. One approach is to 'train the trainers.' Mr des Robert expected to finalize the questionnaire within the week. Early adopters are very important in the process, because they will act as pilot organizations.

10 Mr Brendan Daly pointed out that it is important for this training initiative to involve the training departments within each organization. For the next meeting, the Committee wants to see a timetable for training. This is a priority deliverable.

11 Mr des Robert noted that the training departments in certain organizations, for example UNESCO, were keen to be involved and had resources ready to apply to IPSAS training. Each organization should organize a meeting with the training department, when the questionnaire is ready.

Action Point(s):

- Finalize the training questionnaire and provide it to Task Force members.
- Include training on the agenda of the next meeting and provide a timetable for Committee review.

5. Focus Group Process: Comments and Issues

12 Committee members discussed the first round of focus group consideration of the six draft papers provided as per the Accounting Policy Work Plan. Mr Brendan Daly noted that the paper on expenses had not picked up comments from the Geneva Focus group made back in December on the expenses paper. The Geneva Focus Group comments on this draft paper, which will be provided soon, will make this point. It would be preferable to have the responsible Focus Group review the draft paper before it is circulated to other groups, in order to make sure that the paper is acceptable to the responsible Focus Group prior to wider circulation.

13 Mr Karia noted that this is a good suggestion and something to consider for the future, if time allows for this extra review. Ms Jensen noted that this first review round is primarily for the responsible focus group to review the paper, but other focus groups aren't prevented from commenting at this stage and, understandably enough, are choosing to comment at this earlier point as well as during the next 'all groups' round. Although comments received from the responsible Focus Group are given special consideration when compared to those of other groups, all Focus Group comments are carefully reviewed. The 16th of February is the deadline for Focus Group comments in this first round of comments on these six papers.

14 Mr Karia noted that one issue for comments may be that suggested changes are not IPSAS compliant. He illustrated this with the example of expecting payments for services made in advance, in a normal exchange transaction, to be expensed when no services have yet been received. Such payments should be treated as a 'payment in advance' and not expensed.

15 Mr Daly asked that the Geneva Focus Group be informed if any of their comments were recommending something that was not IPSAS compliant. Ms Jensen explained that the system-wide team provides responses to all comments received and that those responses will identify any suggestions that are clearly IPSAS non-compliant. She does not know what comments made previously by the Geneva Focus Group's have not been picked up in this latest draft and will need to review the Geneva Focus Group's comments when they are received to fully understand the issue, but the problem may be one of prioritization. This latest paper on expenses only addressed expenses arising from funding agreements and does not address all the issues raised (during the discussions prompted by) the December 2006 paper.

16 Mr Gary Eidet pointed out that treating purchase orders as expenses violates the matching principle and has been driven by budgeting concerns rather than financial

reporting. The two are different but inter-related concepts. Mr Karia noted that the same issues had been raised in New York at the United Nations Chief Financial Officers' meeting. Mr Colin Mitchell from UNHCR noted that vested interests can be involved so that it is important to validate the expenditure report before recognizing an expense. This issue is common to all organizations. Mr Daly pointed out that the Financial Regulations and Rules will need to be amended in order for organizations to comply with IPSAS. If FR&Rs obstruct IPSAS compliance then they must be amended, because the goal is IPSAS compliance.

Action Point(s):

- Consider amending the present focus group process to require responsible Focus Group approval of a draft paper prior to circulating the paper to other focus groups.
- Amendment of organizations' Financial Regulations and Rules if there are areas which conflict with IPSAS compliance.

6. Communication with Auditors

17 Ms Marie-Jose Bofill (UNHCR) asked for clarification with respect to discussion of accounting policies with the external auditors. UNHCR's French audit team expects to provide their comments on draft policies to the Board of Auditors so that comment can be made to the system-wide project team. But there is a deadline for having *bilateral* discussions with auditors. What is the communication route?

18 Mr Karia clarified that he discussed this with the Technical Group of the Panel Of External Auditors in November and auditors *can* give comments to individual organizations, in fact the Technical Group *asked* that bilateral discussions take place. Comments are also channeled up to the Technical Group and they will provide comments to the system-wide team. The Chairman of the Technical Group is Micheline Massicotte (from the Office of the Auditor-General of Canada) and the Deputy Chairman is Imran Vanker (from the Office of the Auditor-General of South Africa). When the e-mail about bilateral discussions was sent out to auditors by the Chairman of the Technical Group the date proposed in the draft e-mail was changed from 9 February to 16 February, so organizations should expect to get comments from auditors (on the policy papers from 2006) after this new date.

19 Mr Daniel Bato from WFP explained that their auditors are not prepared to provide formal comments, because they see that as conflicting with their independent audit role. They will discuss, but they will not put anything in writing. WFP has had a very good discussion with their auditors (the National Audit Office (NAO) (United Kingdom)) and they are being supportive.

7. Other Business

20 There being no other business, Mr. Karia closed the meeting.

IPSAS Adoption Project Steering Committee

Video-conference, Wednesday 14 February 2007 9.00 am to 10.30 am (New York time)

Draft Agenda

		Papers
9.00 – 9.05	1. a) Introduction, draft agenda, and confirmation of minutes from previous meeting (Mr Jay Karia)	1a. Draft Steering Committee agenda (provided)) 1b. Draft minutes (provided)
9.05 – 9.15	2. Review of action list	2. Action list (to be provided)
9.15 – 9.35	3 Discussion of first draft of second IPSAS Progress Report and issues arising from the report	3 First draft of IPSAS Progress Report (to be provided)
9. 35 – 9.50	4. Training: Information from Geneva	(No paper, verbal up-date from Mr des Robert)
9. 50 – 10.10	5. Committee comments and any issues arising from present Focus Group process and accounting policy papers	(No paper)
10.10 – 10.25	6 Discussion of communication with auditors: Comments received from organizations (9 February deadline for comments)	(No paper, refer e-mail from Mr Karia, 5 January)
10.25 – 10.30	7 Other business:	

STATUS OF ACTIONS FROM PREVIOUS MEETINGS 13 February 2007

Shows all actions completed since the previous action status list and shows any uncompleted actions. *From last meeting:*

Action	Status
Post the approved December 15 minutes on the website.	√ Completed
Location of June 2007 Task Force meeting to be finalized	√ Completed
Develop paper on 'budget implications: issues and way forward' in discussion with New York and Geneva focus groups, then provide to Committee. (Project team)	√ Completed (Re-draft timetable)
Proceed with IPSAS Progress Report plan as described.	In progress (HLCM first draft close to final)
Amend Accounting Policy Work Plan to include responsible team member beside each topic.	In progress
Post the roles and responsibilities paper and team members' workplans to the website folder.	In progress
Comments on budgeting, spending authority and funding circulated to Steering Committee. (Mr Gary Eidet)	In progress
Link the two focus groups (budget implications and expense recognition) to ensure joint involvement with the budget implications issue). (Focus group coordinators in New York and Geneva	In progress
Amend Focus Group paper, circulate to Task Force members, and post into the Focus Group folder on the Accounting Standards website.	In progress
Amend Implications for Budget Practices Sub-Project Plan to accelerate the timetable.	In progress
Include training on the next meeting agenda.	√ Completed
Circulate revised meeting dates via e-mail.	In progress

From previous meetings

Action	Status
A paper on how to take forward the system-wide procurement exercise, and a draft RFP will be submitted to the Committee. (Mr Karia)	In progress
An up-dated list of issues for consultancies will also be made available. (Mr Karia)	In progress
Provide employee benefits guidance and presentation to Rome focus group when available.	In progress (Guidance paper provided)
Include as a Task Force meeting agenda item the need for organizations to re-cast their financial statements to understand impact of IPSAS adoption.	In progress (Include in next meeting's agenda)
A consultant for the consolidation project will be identified.	In progress
The Steering Committee Chair will send a memorandum to all organizations to officially request funds to meet the approved project budget.	√ Completed
Circulate latest ASHI report to Committee members, when the release report has been finalized.	In progress (awaiting report)

IPSAS Project Steering Committee

Chairman	
Mr. Jayantilal Karia (UN))	
New York:	
Mr. Louis Bradley (UNICEF) Member	
Ms. Diane Kepler (UNDP) Alternate (Apologies received)	
Geneva:	
Mr. Brendan Daly (WHO), Member (apologies)	
Mr. Nicholas Jeffreys (WHO), Alternate (apologies)	
Marie-Jose Bofill (UNHCR)	
Rome:	
Mr. Eric Whiting (WFP), Member	
Mr. David Bowen (FAO), Alternate	
Vienna:	
Mr. Gary Eidet (IAEA), Member	
Ms. Amita Misra (UNIDO), Alternate	
External (London):	
Mr Mike Hathorne (MooreStephens UK and IPSASB) (Apologies received)	

In attendance:

New York

Ms Gwenda Jensen (Project leader, CEB, New York), Ms Sandra Stewart (IPSAS Team, CEB, New York)

Mr Remo Lalli (FBNetwork, CEB, Geneva),

Vienna

Mr. George Perera (UNIDO)

Ms Mija Jeon (IAEA)

Geneva

Mr Mark Warren (WHO)

Mr. Colin Mitchell (UNHCR)

Maria Aurora Mendoza. (WHO)

Mr Jean Francois des Robert (IPSAS Team, CEB)

Rome

Mr Daniel Bato (WFP)