International Labour Organization

Sustaining IPSAS compliance, changes and challenges in 2017

Task Force on Accounting Standards
October 2017, Rome
Changes and challenges in 2017

- **New External Auditors**
  Republic of the Philippines Commission on Audit
  - Transition
    - Handover process
    - Planning visit, interim and final audits
  - Different audit approach
    - Balance sheet audit during interim visit
    - Audit observation memorandum (AOM)
      - 23 AOM, 72 recommendations
    - Management letter
  - Unmodified audit opinion

- **End of transitional period for PP&E**
Changes in accounting policies

• **Short-term deposits classification:**

  - **Cash equivalents versus Investments**

    ILO’s classification since IPSAS adoption in 2011:

    Cash equivalents are short-term, highly liquid investments with maturity less than 90 days as at the reporting date.

    ILO’s classification from 2017:

    Cash equivalents are short-term, highly liquid investments with maturity less than 90 days from the date of acquisition.
Changes in accounting policies

• Short-term deposits classification:

Example:

A short-term deposit is made on 1st Jun-17 for 7 months. Maturity date: 31 January-18

ILO treatment prior to 2017:

Such deposit would have been treated as Cash equivalent as maturity is less than 3 months as at the reporting date

ILO treatment in ILO’s 2017 Financial Statements:

Deposit will be classified as Investment as the maturity is more than 3 months from date of acquisition.
IPSAS application - updates

- Financial reporting on internally developed software (IPSAS 31)
  - The capitalization of software development projects is limited to those projects that have:
    - formal governance body approval,
    - budgeted costs (external collaborators, sub-contractors and acquired software and hardware) exceeding US $200,000.
  - Staff costs are included only if the person is dedicated 100% to the project
IPSAS application - updates

• IPSAS 34 – IPSAS 38
  ➢ No impact

• IPSAS 39, Employee Benefits
  ➢ Accumulated leave liability : under discussion
  • Consider the whole liability as current
Suggested topics for discussion

• Consistent approach among all the UN agencies
  ➢ UNJSPF disclosure