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**Report of the Court on its proposed schedule and budget  
for the implementation of the  
International Public Sector Accounting Standards\*****I. Introduction**

1. At its eleventh session, the Committee on Budget and Finance (hereinafter “the Committee”) recommended that the Assembly of States Parties (hereinafter “the Assembly”) decide that the International Criminal Court (hereinafter “the Court”) should work towards implementation of the International Public Sector Accounting Standards (IPSAS) in the medium term. The Committee further recommended that the Court report to the Assembly at its eighth session, through the Committee, on the project plan and next steps towards implementing IPSAS.<sup>1</sup>

2. In 2009, in a report entitled Report of the Court on the implications of implementation of IPSAS,<sup>2</sup> the Court provided a detailed project plan together with a budget estimate of €409,400 for 2010 as part of an overall budget of €1,968,302, extending over a five-year period. The Committee recommended that the Assembly not provide the funds requested for 2010, and that it further consider the experience of other international organizations before making a final decision on a schedule for IPSAS implementation.<sup>3</sup>

3. At its fourteenth session, the Committee considered the Report of the Court on its assessment of the implementation of IPSAS,<sup>4</sup> and noted that the range of costs for IPSAS implementation seemed to vary among different United Nations organizations. The Committee also noted that some organizations had lowered IPSAS training costs by providing on-line training.<sup>5</sup> The Committee recommended that the Court review its cost estimate for IPSAS implementation in light of further consideration of the experience of other organizations and provide a more comprehensive report that would include a proposed implementation schedule along with its budget proposal for consideration at its fifteenth session.<sup>6</sup>

4. In order to address the requests of the Committee, the Court contacted the Team Leader of the United Nations System-wide IPSAS Project, as well as several international organizations. Feedback was received from the following organizations: the International Labour Organization (ILO), the first United Nations System organization to have

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\* Previously issued as CBF/15/3.

<sup>1</sup> *Official Records of the Assembly of States Parties to the Rome Statute of the International Criminal Court, Seventh session, The Hague, 14-22 November 2008* (ICC-ASP/7/20), vol. II, part B.2, para. 18.

<sup>2</sup> ICC-ASP/8/26.

<sup>3</sup> *Official Records ... Eighth session ... 2009* (ICC-ASP/8/20), vol. II, part B.2, para. 13.

<sup>4</sup> ICC-ASP/9/3.

<sup>5</sup> ICC-ASP/9/5, para. 40.

<sup>6</sup> *Ibid.*, para. 42.

successfully completed its IPSAS implementation, the World Food Programme (WFP), and the Organisation for the Prohibition of Chemical Weapons (OPCW).

5. The Court has also consulted various IPSAS implementation documents produced periodically by the UN Task Force on Accounting Standards, such as the System-wide IPSAS adoption checklists and UN Common System Finance and Budget Network reports, wherein experiences of different organizations implementing IPSAS are shared.

6. In the present report, the Court considers the experience of these international organizations and responds to the requests of the Committee, providing a proposed implementation schedule and a revised budget estimate for IPSAS implementation.

## II. Implementation schedule

7. The General Assembly decided to approve the adoption by the United Nations of IPSAS.<sup>7</sup> Consequently, most of the UN organizations are scheduled to be IPSAS compliant by the 2012-2013 biennium. A list of IPSAS implementation dates for UN System organizations was provided by the Court to the Committee at its fourteenth session.<sup>8</sup> The Court expects to implement IPSAS over a four-year timeframe, which is in line with the implementation plans of the majority of organizations.

8. The Court's proposed IPSAS implementation schedule is provided in table 1.

**Table 1: Proposed timeline for IPSAS implementation**

<i>Task</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
ASP approval.	√					
IPSAS Task Force established.	√					
IPSAS project coordinator appointed.		√				
Project plan prepared.		√				
IPSAS training for key participants (Budget & Finance, General Services, Internal Audit, ICT, etc.).		√				
IPSAS Task Force blueprints all accounting process changes for subsequent review with stakeholders and later implementation by SAP consultants.		√				
IPSAS expert consultants review and revise process blueprints and assist with accounting manual preparation. Work will include detailed analysis of IPSAS impact on the Court.		√				
Prepare "mock" financial statements based on IPSAS.		√				
SAP-IPSAS consultants, in cooperation with procurement, IT and accounting staff, customize fixed assets, inventory and general ledger modules.			√			
Financial consultants review accounting for employee benefits to ensure IPSAS compliance.			√			
SAP-IPSAS consultants, in cooperation with procurement, IT and accounting, customize existing procurement and accounting modules to incorporate full accrual accounting.			√			
Prepare capital assets and inventory detailed implementation plan.			√			
Attend meetings of UN implementing bodies to keep abreast of lessons learned.	√	√	√	√		
Consultations with auditors on various applications of IPSAS standards to financial policies and procedures.			√	√		
Address budget effects to include capital budget, operating budget issues and reconcile and explain the variances between budget and financial statements.				√		
Finalize FRR changes required and submit to CBF for approval.				√		
Begin implementation in a phased approach by starting full accrual accounting in the procurement of goods and services.				√		
Complete development, testing and evaluation of new processes, policies, manuals and other procedural guidance.				√		
Implementation of new accounting policies and procedures to include fixed assets, depreciation, inventory, vacation accruals and after-service benefits to the financial statements.				√		
Implement new procedures determined in 2012-2013.			√	√		
Go live in all aspects of IPSAS from 1 January 2014.					√	
Produce IPSAS-compliant financial statements for 2014 financial year.					√	
Audit of opening balances as of 1 January 2014.					√	
Audit of IPSAS compliant financial statements.						√
Issuance of audit certificate of IPSAS compliant financial statements.						√

<sup>7</sup> See in particular General Assembly Resolution 60/283 (A/RES/60/283), part IV, para. 1.

<sup>8</sup> ICC-ASP/9/3.

### III. Training

9. The training needs for IPSAS implementation can be divided into generic and Court-specific. For generic modules, following the recommendations of the Committee,<sup>9</sup> the Court intends to provide training to selected staff with existing common training modules already developed by the UN System-wide IPSAS project. This training package consists of two groups of training materials (total of eighteen training sessions covering all IPSAS standards) to be administered face-to-face and online. These training materials are available at no extra cost and only internal training management costs have to be incurred by the Court.

10. The Court plans to carry out these training sessions together with other Netherlands-based organizations such as OPCW, in order to further benefit from reduced costs, and resource and knowledge sharing. A list of the generic training content/sessions is included in the annex.

11. The Court has also started consultations with other Netherlands-based organizations in order to set up a small focus group on IPSAS that would allow cost and knowledge sharing.

12. The Court has a unique structure of basic and situation-related costs with significant field presence, and a complex staffing structure and capital flow which will impact IPSAS training, implementation and compliance.<sup>10</sup> Consequently, the Court plans to organize additional training sessions which are specific to the Court to enable application of IPSAS standards. This will facilitate full IPSAS compliance and capacity building of Court staff members. However, this will require additional costs.

13. In order to further benefit from the “lessons learned” of other international organizations, the Court plans to join the HLCM Task Force on Accounting Standards, effective 2010, with observer status. This will give the Court access to additional IPSAS training, IPSAS-related material and observer participation at Task Force meetings.

### IV. Proposed budget for IPSAS implementation

14. The Court has further revised the information provided in its previous report<sup>11</sup> concerning reported budget estimates of other international organizations. It has now become clear that many organizations have not budgeted IPSAS implementation as a single project, and several costs are distributed along different budget lines. It is therefore difficult to obtain a realistic cost estimate for the overall implementation of the project. Other organizations have initially under-budgeted, with the need to revise their budget proposals at a later stage. For example, ILO’s budget of US\$607,000 only includes consultancy services and enhancements to standard Oracle software. IAEA’s budget of €1.9 million excludes the upgrading of the financial and procurement systems, estimated at €6.4 million.<sup>12</sup> Furthermore, FAO revised its original programme budget of US\$7.2 million<sup>13</sup> mainly due to human resource requirements. Its new budget stands at US\$13.9 million.<sup>14</sup>

15. Taking into account the unique structure of the Court, as well as the experience of other international organizations, the costs for IPSAS implementation at the Court are estimated to be as follows:

<sup>9</sup> ICC-ASP/9/5, para. 40.

<sup>10</sup> *Ibid.*, para. 41.

<sup>11</sup> ICC-ASP/9/3.

<sup>12</sup> International Atomic Energy Agency, Proposal to adopt International Public Sector Accounting Standards (IPSAS) by the Agency, GOV/2007/10.

<sup>13</sup> Food and Agriculture Organization, Progress Report on Adoption of International Public Sector Accounting Standards, FC 118/12.

<sup>14</sup> *Ibid.*, FC122/10.

**Table 2: Proposed budget for IPSAS implementation**

Item	Amount €	Year of expected expenditure				
		2011	2012	2013	2014	2015
<b>Staff resources:</b>						
IPSAS short-term consultancy for policy revisions	60,000	30,000	30,000			
SAP expert consultants – customization	300,000		150,000	150,000		
Modifications to existing system reports	260,000	90,000	70,000	100,000		
Changes to system for capital projects expenditure tracking & reporting	130,000	30,000	60,000	40,000		
P-4 IPSAS Project Coordinator (4.0 years)	514,800	64,350	128,700	128,700	128,700	64,350
P-2 IPSAS Standards and Systems Associate Officer (3.5 years)	312,200	44,600	89,200	89,200	89,200	
GS-OL project assistant (3.5 years)	235,550	33,650	67,300	67,300	67,300	
<b>Training:</b>						
IPSAS and SAP	75,000	30,000	30,000	15,000		
<b>Travel:</b>						
CEB and SAP networks	30,000	10,000	10,000	10,000		
<b>Total estimated €</b>	<b>1,917,550</b>	<b>332,600*</b>	<b>635,200</b>	<b>600,200</b>	<b>285,200</b>	<b>64,350</b>

\* Costs not included in the proposed programme budget for 2011 of the Court.

16. Table 3 provides a comparison between the Court's projected costs for IPSAS implementation and the costs of other international organizations.

**Table 3: IPSAS implementation cost comparison at international organizations**

Item	FAO <sup>15</sup>	ICAO <sup>16</sup>	ITU <sup>17</sup>	UNESCO <sup>18</sup>	UNFCCC <sup>19</sup>	UNRWA <sup>20</sup>	WFP <sup>21</sup>	WIPO <sup>22</sup>	Court
Consultants	n/a	100,000	375,000	300,000	360,000	200,000	300,000	2,924,100	<b>360,000</b>
Staff	9,200,000	547,000	1,275,000	400,000	420,000	200,000	2,000,000		<b>1,062,550</b>
Equipment	600,000	n/a	300,000	500,000	25,000	n/a	100,000	280,879	<b>n/a</b>
Travel	300,000	n/a	50,000	125,000	50,000	50,000	200,000	n/a	<b>30,000</b>
Training and resource materials	800,000	n/a	375,000	525,000	165,000	150,000	800,000	190,000	<b>75,000</b>
Others	3,000,000	50,000	125,000	n/a	n/a	1,500,000	300,000	806,000	<b>390,000</b>
<b>Total estimated €</b>	<b>US\$ 13,900,000</b>	<b>CAD 697,000<sup>(a)</sup></b>	<b>CHF 2,500,000</b>	<b>US\$ 1,850,000<sup>(b)</sup></b>	<b>US\$ 1,020,000<sup>(c)</sup></b>	<b>US\$ 2,100,000<sup>(d)</sup></b>	<b>US\$ 3,700,000</b>	<b>CHF 4,200,979</b>	<b>€ 1,917,550</b>

<sup>(a)</sup> Only includes the 2009 budget. Costs of information system changes are not included.

<sup>(b)</sup> More funds will be needed to bed the process down and maintain the enhanced standard of financial accounting and control.

<sup>(c)</sup> The costs of information systems changes, estimated at a total of US\$1,250,000, are not included.

<sup>(d)</sup> Others include ERP enhancements and assets valuation.

<sup>15</sup> Ibid.

<sup>16</sup> System-wide IPSAS Adoption Checklist for International Civil Aviation Organization, February 2009.

<sup>17</sup> System-wide IPSAS Adoption Checklist for International Telecommunication Union, February 2009.

<sup>18</sup> System-wide IPSAS Adoption Checklist for United Nations Educational, Scientific and Cultural Organization, January 2009.

<sup>19</sup> System-wide IPSAS Adoption Checklist for United Nations Framework Convention on Climate Change, January 2009.

<sup>20</sup> System-wide IPSAS Adoption Checklist for United Nations Relief and Works Agency, February 2009.

<sup>21</sup> World Food Programme, Sixth Progress Report on the Implementation of International Public Sector Accounting Standards, WFP/EB.A/2008/6-G/1.

<sup>22</sup> System-wide IPSAS Adoption Checklist for World Intellectual Property Organization, January 2009.

## V. Conclusions

17. The Court's plans to join the HLCM Task Force on Accounting Standards, and to set up a Netherlands-based focus group on IPSAS implementation, will enable harmonization of best practices and business processes.

18. IPSAS implementation has proved to be a very challenging major accounting change in international organizations, involving both delays and budget extensions. Considering the experience of other international organizations and the Court's specific needs, the Court hereby submits a budget proposal of €1,917,550, which will enable it to go live in all aspects of IPSAS from 1 January 2014.

19. The Committee may wish to recommend that the Assembly approve the Court's proposed budget and IPSAS implementation schedule.

## Annex

### UN System-wide generic training course on the implementation of IPSAS

<i>IPSAS Training Course Name</i>	<i>Course Number*</i>		<i>Level</i>
1. Orientation to IPSAS	CBT-1		Introductory
2. Accrual Accounting under IPSAS – The Basics	CBT-2	ILT-1	
3. Accrual Accounting under IPSAS – Beyond the Basics		ILT-2	
4. Accounting for Property, Plant & Equipment	CBT-3	ILT-3	Working level
5. Accounting for Inventories	CBT-4	ILT-4	
6. Accounting for Employee Benefits – The Basics	CBT-5		
7. Accounting for Employee Benefits – The Basics & Beyond		ILT-5	Specialist
8. Accounting for Leases	CBT-6	ILT-6	
9. Accounting for Provisions & Contingent Liabilities & Assets	CBT-7	ILT-7	Working level
10. Accounting for Intangible Assets		ILT-8	
11. Accounting for Financial Instruments		ILT-9	
12. Advanced Topics in Financial Reporting		ILT-10	Specialist
13. Preparing Accrual-Based Financial Statements		ILT-11	

*\* The generic training suite composes of 7 Computer Based Training (CBT) courses and 11 Instructor Led Training (ILT) courses. In total, 18 generic courses have been developed. Specific training contents will be developed by the Court at a later stage.*