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Report of the Secretary-General

Part II: Administrative and statutory matters

(b) Financial situation of the Organization

Addendum 1: IPSAS progress report

I. Introduction

1. The present document updates the Programme and Budget Committee (PBC) and the Executive Council (EC) on the progress made in the implementation of International Public Sector Accounting Standards (IPSAS) in UNWTO and is a follow-up to the reports submitted in 2007 (CBF/48/2), 2009 (CBF/50/1), 2010 (CE/88/5(a)), 2011 (CE/90/5(a) add.1), 2012 (CE/93/5(b) Add.1) and 2013 (CE/95/3(II)(a) Add.1).

2. In 2005 the United Nations High Level Committee on Management (HLCM) decided that all United Nations (UN) System Organizations would adopt IPSAS for financial reporting (CEB/2005/HCLM/R.24).

3. The UNWTO EC and General Assembly (GA) approved the adoption of IPSAS in 2006 (CE/81/DEC). In its decision CE/DEC/7(LXXXV) the EC approved the progressive adoption of the standards in 2010-2011, agreed to the utilization of the reserve fund for the replacement of fixed assets to finance the implementation and further agreed that the UNWTO should take steps aimed at ensuring that these new accounting standards would be adopted as soon as possible. The UNWTO, in the 2010 report submitted to the Committee on Budget and Finance (CBF)/EC (CE/88/5(a)) and supported by the EC in its decision CE/DEC/88, outlined the strategy, the structure, the work plan and the major impact areas and the revised plan to be IPSAS-compliant in the biennium 2013-2014. In accordance with the time lines set out in the report, UNWTO implemented IPSAS with effect from 1 January 2014.

4. The present progress report describes developments in the UN system, the progress made by UNWTO since the last progress report in 2013 (CE/95/3(II)(a) Add.1), outlines the main implementation activities for 2014, and includes annexes on: (a) recognition and funding of employee benefit liabilities, (b) IPSAS education and training, (c) accounting treatment of UNWTO satellites, and (d) main milestones to enhance the new IT system (ISIS).

II. UNWTO and UN Task Force on Accounting Standards

5. The UN Task Force on Accounting Standards (UNTFAS) under the authority of the Finance and Budget Network (UNFBN) of the Chief Executives Board (CEB) is critical to support the IPSAS implementation of UN system organizations. UNTFAS strategic orientations and activities are: (a) facilitation and communication, (b) monitoring of the IPSAS Board activities, (c) coordination of accounting diversity, and (d) guidance and support. The recent focus of UNTFAS has been on: (a) system-wide collaboration to address unresolved and evolving technical issues, (b) practical challenges of sustaining IPSAS compliance, and, (c) addressing changes resulting from pronouncements by the IPSAS Board. The objective of the UNTFAS, of which UNWTO is an active member, is to ensure that UN system organizations will be IPSAS-compliant with a consistent interpretation and application of IPSAS amongst UN system organizations.

6. As at 31 December 2013, 21 UN system organizations were IPSAS compliant with three organizations (UN, FAO and UNWTO) intending to implement IPSAS in 2014.

7. IPSAS implementation presents formidable challenges in introducing required changes to policies, procedures and systems and requires a considerable investment of time and resources in all organizations of the UN system irrespective of size. UNWTO, being the smallest agency in the UN system, set a realistic date for implementation of 1 January 2014. This took account of the resource constraints and the recognition by management of the need for UNWTO to upgrade its IT, administrative and accounting processes and internal controls as an essential prerequisite to implementing IPSAS.

8. The implantation of IPSAS represents a major reform initiative in UNWTO and the UN with the issuance of credible financial reports prepared at internationally accepted standards. However further work is required to maximize the expected post-implementation benefits of IPSAS in governance, operational and financial management and comparability with other UN system organizations. UNWTO will make every effort to ensure that the full benefits of IPSAS flow to the Organization.

III. UNWTO IPSAS project

9. The UNWTO project for IPSAS implementation comprised three distinct phases: pre, main and post phases (CE/88/5(a)).

10. The pre-phase of the project (2009-2010) involved the introduction of a new financial model at UNWTO establishing a separation of financial administration roles. The main phase of the project (2011-2014) covers the preparatory work required to achieve IPSAS compliant Financial Statements and comprises accounting policy and procedures, rules and regulations, IT systems and training and awareness activities.

11. After the completion of the first IPSAS-compliant Financial Statements, UNWTO will engage in a range of post-implementation activities, aimed at sustaining IPSAS-compliance and maximizing the benefits of IPSAS. Those activities will comprise the IPSAS post-implementation phase (from 2015 onwards) as described below.

A. Progress made in 2013 and key areas of work for 2014 (main-phase)

1. Accounting policy and procedures

12. The following manuals were approved by the Secretary General (NS/775) and published in 2013.

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(a) UNWTO IPSAS Policy Guidance Manual (PGM). The manual, an important tool in assisting UNWTO in the successful implementation of IPSAS, provides guidance on the policies, disclosures and accounting practices established by UNWTO in the application of IPSAS.

(b) UNWTO IPSAS Accounting Manual. The manual serves as a complement to the PGM and provides staff with direction and guidance in how transactions and economic events are to be measured, recognized, recorded and reported in the Financial Statements and other reports.

(c) UNWTO IPSAS-Related Procedures Manual. The manual serves as a complement to the PGM providing staff with a set of basic and detailed procedures and work processes to achieve IPSAS compliance and using internal controls based on the “four-eyes” principle.

13. The manuals will be updated in future, where necessary, to address IPSAS, accounting policy, accounting procedure and internal control changes.

14. Actuarial valuation of after-service employee benefits. The UNWTO after-service employee benefits liabilities at 31 December 2012 and estimates of expense and liabilities for 2013 were determined by external actuaries. As required by IPSAS, UNWTO will recognize the full liability for employee after-service benefits in the Financial Statements at 1 January 2014. It is noteworthy that the recognition of liabilities under IPSAS is not dependent on the provision of budgetary resources for the full funding of the liability. Annex I of the present document provides information on the recognition and funding of after-service employee benefit liabilities.

15. Chart of Accounts (COA). In 2013 the Secretariat completed the updating of the COA to support IPSAS reporting and other UNWTO financial management needs including budgetary reporting.

16. Opening balances at 1 January 2014. Presently the Secretariat is finalizing the calculation, definition and documentation of the restated financial position of the UNWTO at 1 January 2014 to include all IPSAS adjustments.

17. The External Auditors (EAs) of UNWTO have been requested to audit the UNWTO restated opening balance compliant with IPSAS as at 1 January 2014 (A/RES/627(XX)). This audit work will take place in May 2014 to assist UNWTO in preparing for its first IPSAS compliant financial statements audit at 31 December 2014. The EC will be informed of the outcome of this audit.

18. Pilot Financial Statements and notes of disclosure at 30 September 2014. As a control measure, the Secretariat will issue an interim set of Financial Statements at 30 September 2014. These financial statements will be subject to external review (A/RES/627(XX)) for quality control purposes.

2. Management and other changes

19. Financial Regulations and Rules. During the years 2011 to 2013, UNWTO reviewed, amended and expanded the scope of the UNWTO Financial Regulations and Rules to: (a) comply with IPSAS, (b) align with current UNWTO and UN structures and practices, (c) improve wording, and (d) develop new annexes on travel, cost recovery, publications, cash management and financial risks.

20. The amended Financial Regulations were submitted to the 19th GA and approved by resolution A/RES/598(XIX), while the amended Detailed Financial Rules were submitted to the 93rd, 94th, 95th and 96th ECs and approved by decisions CE/DEC/7(XCIII).9, CE/DEC/8(XCIV), CE/DEC/8(XCV) and CE/DEC/3(XCVI) respectively. The amended Financial Regulations and Rules, effective from 1 January

2014, were published and disseminated to the Members during 2013 in its English version. It is planned to publish the Spanish and French version in 2014.

21. New IT system (ISIS). In 2013, the Secretariat developed a new financial management information system (ISIS), which is composed by the following modules: (a) reference data, (b) budget, (c) financial accounting general ledger, (d) assets, (e) payroll, and (f) reports. The new system compiles budgetary and accounting data in order to generate UNWTO financial statements compliant with IPSAS and other reports for the financial and budgetary management of the Organization.

22. The definition and analysis of specifications as well as the monitoring and checking of the implementation of the IT system was one of the main activities of the IPSAS project in 2013. During the first quarter of 2014, the Secretariat continued working in the reports module which is expected to be finalized in the second quarter of 2014. Further maintenance and refinement activities of the IT system are scheduled for later in 2014.

23. The enhancement of ISIS will be part of the IPSAS post-implementation phase (from 2015 onwards) as described below.

24. Education and training. One of the key elements in 2013 was the development and dissemination of IPSAS and IT training course materials. The Secretariat delivered more than 60 courses to staff for awareness and on technical issues.

25. During 2014, further courses will be conducted and in order to assist staff a help desk for continuous support has been established. Annex II to this document shows a table summarizing the courses conducted in 2013, including the UNTFAS e-learning material, and the courses to be disseminated during 2014 by target audience.

26. The Secretariat will also conduct an IPSAS information workshop for the UNWTO Governing Bodies at an appropriate time.

27. Communication strategy. UNWTO continues to carry out its external communication strategy which comprises issuing regular progress reports on the implementation status of IPSAS to UNWTO Governing Bodies, reporting to UNTFAS and UN HLCM as well as engaging EAs on IPSAS-related issues as described in more detail below. For internal communication, the Secretariat developed an intranet site dedicated to information concerning IPSAS, disseminated two IPSAS highlights, and undertook other awareness steps. These communication activities will continue as part of the post-implementation phase.

28. Broadly, the objective of the training and communication (internal and external) is to prepare the entire Organization for the implementation of IPSAS. This covers a range from basic understanding to the specialized aspects of IPSAS tailored to the specific functions and duties of staff.

B. Working with External Auditors

29. During the external audit of the 2013 financial accounts of the Organization carried out in March 2014, the Secretariat made available to the EAs (Germany, India and Spain) all documentation and information on progress made within the IPSAS project. In their report on the "Organization's administrative accounts for the financial year 2013" (CE/98/3(II)(d), the EAs referred to the major challenge of IPSAS implementation, took note of the intensive and detailed work undertaken and of the information provided to them and noted in particular that: "…the project covers not only accounting standards requirements but also adaptation/developing of all administrative procedures and processes,

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improvement of internal control and financial & budgetary management, etc. Furthermore, it was not just restricted to key finance and budget staff, but communicated to all staff across the Organization and there was an open engagement with the Auditors".

30. Throughout 2014 the Secretariat will work closely with the EAs, particularly in respect of the opening balances and interim financial statements for 30 September 2014 to ensure that issues arising can be dealt with in advance of the 31 December 2014 closure and external audit.

C. UNWTO satellites from the IPSAS perspective

31. The degree of control by UNWTO of some "satellite" entities may have an impact on UNWTO financial reporting under IPSAS. Three types of separate entities from an IPSAS standpoint and regardless any other perspective (legal form, political, or any other one) require special accounting treatment. These are as follows: on one hand (a) controlled entities subject to IPSAS 6 ("Consolidated and Separate Financial Statements"); and, on the other hand, non-controlled entities which can be classified as: (b) associate entities subject to IPSAS 7 ("Investments in Associates"); and, (c) jointly controlled entities subject to IPSAS 8 ("Jointly Controlled Entities"). In addition to this, it is also possible that "satellites" could be "part of UNWTO itself"; therefore, the definition of a separate entity and the corresponding IPSAS will not be applicable as these will be accounted for as any other UNWTO activity or project.

32. In line with IPSAS requirements, a specific set of power and benefit conditions and indicators have to be analysed in order to determine if control and governance exists for financial reporting purposes or it is limited through varying degrees of influence. At 2013, the Secretariat concluded an in-depth analysis of the current UNWTO satellites in their current form into the framework of IPSAS (IPSAS 6, 7 and 8).

33. This analysis has acted as a driver to adapt the models of governance of the different satellites when so considered by the Secretary-General. It addresses GA resolution A/RES/602(XIX) para. 13 in respect to the "Report on the progress of the reform of the Organization (White Paper)" ((A/19/11)) which reads: "the Secretariat is in the process of making the necessary changes in the legal framework of these entities in order to ensure their classification as non-controlled (from the legal perspective), wherever deemed relevant".

34. Therefore, based on this analysis, Annex III to this document summarizes the relationship between the different satellites and UNWTO from the IPSAS point of view and well as its effect on UNWTO Financial Statements up to 31 December 2013 and from 1 January 2014 onwards.

D. IPSAS post-implementation phase

35. As experienced by other UN organizations, UNWTO will encounter post-implementation challenges in: (a) a continued need for training and communication to finance and non-finance staff, (b) assessing impacts of evolving IPSAS Board standards and pronouncements which may impact on accounting policies, and (c) potential resource requirements (e.g., on determining liabilities or financial instruments) to comply with more stringent requirements of IPSAS.

36. At UNWTO, the post-phase (from 2015 onwards) of the IPSAS project will address these challenges, the completion of a gap analysis on UNWTO's internal control framework and continuing with the enhancement of the IT system (ISIS) as described below.

37. The PBC and EC will be consulted on the post-IPSAS implementation phase, as appropriate, and kept fully informed on developments as a matter of course.

1. Towards an integrated IT system

38. The introduction of new and enhanced IT systems which integrate part or most of the administrative processes of an organization is not solely intended to support IPSAS financial and management reporting over the longer term. Enhanced IT systems reduce manual intervention and increase the efficiency of the organizations processes, extending well beyond accounting and finance matters and affecting all operations.

39. In order to avoid the risk of delaying the adoption of IPSAS at UNWTO, the further development of IT systems was planned as part of the IPSAS post-phase activities subsequent to IPSAS implementation as was reported in CE/88/5(a). This prudent approach was taken having regard to: (a) an analysis needing to be undertaken to evaluate the IT needs of the Organization before deciding on the most appropriate and cost-effective system, that is either the enhancement of ISIS or the introduction of a commercialized Enterprise Resource Planning (ERP), (b) the implementation of two major projects (IPSAS and IT) simultaneously not being realistic taking into account UNWTO's staffing capacity as both projects are led by the IPSAS team, and (c) the IPSAS project budget possibly needing to be supplemented to cover the enhancement of ISIS or the introduction of an ERP.

40. Based on an internal analysis carried out, the introduction of an ERP at UNWTO would appear to be inappropriate given the relatively small size of UNWTO and the significant costs of installation, customization and maintenance. Therefore, the Secretary-General has concluded that the most suitable option to meet the future needs of UNWTO is to enhance ISIS. This upgrade is planned to be done module by module having regard to resource availability and UNWTO staff capacity.

41. A detailed work plan will be prepared per module. Annex IV to this document shows a summary of the main milestones planned to enhance ISIS.

42. Recruitment of IT technical experts. After a lengthy comprehensive competitive procurement process, an international company was selected in February 2013 to analyze and program the IT specifications to ISIS. As explained above, the implementation work on the financial and budgetary management systems began in March 2013 and is expected to be concluded in the second quarter of 2014. Therefore, the further enhancement of ISIS as a post-phase activity could start in 2014.

43. The Secretariat has evaluated the work carried out by the contractor up to now on the following terms: (a) the contractor has met the established deadlines and all contractual deliveries, (b) the contractor is a company which quality of work is highly satisfactory, (c) from February 2014, they have decreased their fees by a 4% and waived their right to increase related to the CPI, and (d) continuation of the services by the contractor will ensure no interruption in the IT programming which will result in time and costs savings. Therefore, the Secretary-General has considered, in accordance with the UNWTO DFR VI.35(b)(iv) and (viii), that using a formal method of solicitation to recruit another IT company is not in the best interest of UNWTO and decided to extend the contract of the contractor on to finalize all the new modules while retaining the same competitive prices and conditions, instead of conducting a new competitive bidding.

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IV. Actions to be taken by the Executive Council

44. The Executive Council is requested:

(a) To take note of the implementation of IPSAS by UNWTO with effect from 1 January 2014 and of the recognition given by the External Auditors to the work done in 2013 in the IPSAS project;

(b) To take note of the accounting treatment of UNWTO satellites in UNWTO Financial Statements from 1 January 2014 under IPSAS as presented in the current document;

(c) To endorse the approach proposed to implement the IT activities in the IPSAS post-implementation phase as presented in this document and take note of the decision of the Secretary-General to make an exception to competitive bidding in the recruitment of IT experts on the IPSAS post-implementation phase;

(d) To encourage the Secretary-General to continue to advance in the IPSAS implementation project;

(e) To take note of the intention of the Secretary-General to consider options for the funding of after-service employee benefit liabilities and to present proposals to the EC subsequent to the deliberations of the ASHI Working Group of the UN Finance and Budget Network; and

(f) To endorse the recommendation of adjusting the budgetary appropriation in accordance with the estimated annual current service costs for employee benefits in forthcoming UNWTO budgets from the biennium 2016-2017 onwards.

Annex I. Recognition and funding of after-service employee benefit liabilities

A. Introduction

1. The purpose of this document is to update the EC on the implications of IPSAS implementation and in particular in respect of after-service employee benefits liabilities. These benefits comprise long-term liabilities such as accrued annual leave, end of service benefits (repatriation grants, removal expenses and repatriation travel) and after-service health insurance (ASHI).

2. As reported in earlier submissions to the EC on this subject the most significant impact under IPSAS in terms of liability recognition in the Financial Statements under the accrual accounting principle is in the area of after-service employee benefits. IPSAS requires full recognition of such liabilities in the annual Financial Statements on an accrual basis; that is to say the liabilities for after-service employee benefits earned by staff and retirees at the date of the Financial Statements are recognized. As with most UN system organizations UNWTO, prior to the introduction of IPSAS, charged expenditures and met its liabilities for after-service employee benefits on a pay-as-you go basis.

3. The after-service employee benefit liabilities are independently determined through actuarial valuation by an external provider. The most recent actuarial valuation was received in November 2013 and provided the liability at 31 December 2012 and the current service and interest costs for 2013 and 2014.

4. With the introduction of IPSAS in the UN system a more uniform approach to the actuarial assumptions used to determine the after-service employee liabilities, and in particular those for ASHI, has been applied by UN system organizations. In previous actuarial studies (the most recent for UNWTO being at 31 December 2007) the liabilities were based on the expected premiums applicable to retired staff whereas under the IPSAS 25 standards the liabilities reflect the expected claims based on current claims experience of retired staff. In addition changes in headcount, improved mortality rates and medical cost increases impacted on the liabilities for ASHI for all UN system organizations. The changes in the actuarial assumptions between 2007 and 2013 have resulted in an increased level of liability for earned after-service employee benefit liabilities.

5. There are two separate issues to be considered in respect of after-service employee benefit liabilities. These are: (a) recognition of the liabilities in the Financial Statements, and (b) options for the eventual full funding of the liabilities and investment of funded liabilities.

B. Recognition

6. On the basis of the November 2013 actuarial study the closing balances of the Financial Statements at 31 December 2013 will be adjusted to provide the opening balances at 1 January 2014 to include the full after-service employee benefit liabilities as required under IPSAS.

7. The after-service employee benefit liabilities at 31 December 2013/1 January 2014 as determined by actuarial valuation are as follows:

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After-service employee benefit liability	EUR
ASHI (after-service health insurance)	9,194,000
End of service benefits	900,000
Accrued leave	616,000
Total liability to be recognized	10,710,000
Funded liability	1,256,938
Unfunded liability	9,453,0622

8. The amount of EUR 10,710,000 is to be recognized as an IPSAS adjustment at the 1 January 2014 through a charge against the accumulated surplus of EUR 9,453,062, utilization of the funded reserve of EUR 1,256,938 and the establishment of a payable/accrual for the after-service employee benefits liabilities.

9. The 2014 current service costs calculated by the Actuaries for the after-service employee liabilities listed above as are EUR 402,000.

10. As reported in earlier documents on progress to the implementation of IPSAS the recognition of liabilities on an accrual basis is a financial accounting reporting issue. Therefore the recognition of the liabilities in full has no immediate impact on the budgetary resources of UNWTO or on the cash resources available for the organizations programmes. However there is a need to plan for the funding of the liabilities over time.

11. While IPSAS requires the recognition of after-service employee benefit liabilities on an accrual basis in an organization’s Financial Statements the question of the funding of such liabilities is a matter for the individual organization to decide upon. There is no obligation on an organization reporting under IPSAS to specifically fund such liabilities but in the interests of sound financial management the organization should develop a plan to ensure funding in the future.

12. Most UN system organizations have needed to consider options to fund the after-service employee benefit liabilities which were previously met from current budgetary appropriations on a pay-as-you go basis. A number of UN system organizations do not have the employee liabilities fully funded and have adopted or are considering a range of options to achieve full funding over time.

13. Based on the 2007 actuarial study on UNWTO ASHI liabilities, UNWTO made annual budgetary appropriations for after-service employee liabilities which amounted to EUR 600,000 for the biennia 2010-2011 and 2012-2013 plus additional allocation from surplus amounting to some EUR 800,000. This has ensured that part of the liability has been funded up to EUR 1,256,938. Following this practice, UNWTO has included in its 2014 budget an amount of EUR 300,000 in order to cover the annual current service costs. Based on the 2011 actuarial study on after-service employee benefits, this amount is considered not sufficient in view of the estimated current service cost for 2014 (EUR 402,000).Therefore, it is recommended to adjust this budgetary appropriation in accordance with service costs in forthcoming budgets.

14. However the funding of the gap (EUR 9,453,062) between the present employee benefit liabilities reported under IPSAS at 1 January 2014 (EUR 10,710,000) and the funding presently set aside (EUR 1,256,938) needs to be considered and the following section discusses options for funding the unfunded employee benefit liabilities.

15. During the external audit of the 2013 financial accounts of the Organization carried out in March 2014, the EAs noted on their report on the "Organization's administrative accounts for the financial year 2013" (CE/98/3(II)(d), that "We recommend that UNWTO prepares a comprehensive plan to meet its post-retirement liabilities in the future".

C. Options for the funding of Employee Benefit Liabilities

16. Based on the experience of other UN system organizations in dealing with this issue the following options for the funding of employee benefit liabilities need to be explored by the Secretariat before presenting a funding plan for the consideration by the EC.

17. The Secretariat will discuss options with the EC during 2014-2015 with a view to presenting a proposed funding plan to cover the employee benefits liabilities. The options proposed for discussion are intended to avoid: (a) any negative impact on the programmes of the organization or, (b) introducing significant new resource request to member states through the budgetary processes.

18. In presenting possible options the Secretariat will propose a range of time lines to achieve full funding.

19. The options for funding may include

(a) Adjustment of the budgeted standard salary costs;

(b) Inclusion in future budgets of an annual charge specifically related to employee benefit liability funding;

(c) Utilization of annual budgetary surpluses up to an agreed maximum until full funding is achieved; or

(d) A combination of some or all of the above.

20. In addition and with a view to reducing future expenditure on employee benefits a review of the current ASHI scheme may be undertaken to consider the possibility and implications of changes to the scheme including to the periods of service before eligibility and in the extent of the ASHI coverage. The implications of a single health insurance rate for active staff and retirees may also be analyzed having regard to the variations between premiums and claims.

21. The Secretariat may also consider undertaking an asset/liability study on long-term employee benefits and discuss options for the investment of funds set aside for employee benefit liabilities including the possible pooling of funds with other UN System Organizations.

22. It is particularly important to note that the subject of the definition, funding and management of employee benefit liabilities and in particular ASHI within the United Nations system is to be analyzed by the ASHI Working Group of the UN Finance and Budget Network under the auspices of the Chief Executives Board with a view to identifying actions to be taken developing common approaches by United Nations System organizations.

23. UNWTO will therefore closely follow developments in the work of this UNFBN Working Group and in other UN organizations prior to presenting of proposals to the EC on the funding of after-service employee benefit liabilities.

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Annex II. IPSAS education and training

1. The following table shows the IPSAS and IT courses conducted in 2013, including the UNTFAS e-learning material and the courses to be disseminated during 2014 by audience:

Audience	2013 IPSAS & IT Courses	UNTFAS e-learning	2014 IPSAS & IT courses
All staff	Sessions on: - Templates I - Basic Course of IPSAS - Agreements and templates	- Orientation to IPSAS	- Reports and IT connectivity - Templates II - Others depending on necessity
Administration Division and Publication Store staff	20 sessions on: - Property Plant and Equipment - Intangible Assets - Accruals and expenses - Publications and inventory - Traveling through new procedures - Employee Benefits - Accruals and expenses - Cash and cash equivalents		- Employee Benefits - Intangible Assets - Others depending on necessity
Budget and Finance staff (BDFN)	30 sessions on: - Introduction to IPSAS - Contributions and VAT - Property plant and equipment - Intangibles - Legal and contract, contingent liabilities and contingent assets - Travel - Leases - Accruals and expenses - Open and closing process - Publications - Employee benefits - Cash and cash equivalents - IT courses	- Accrual Basis - Accounting for PPE - Accounting for Inventories - Accounting for Employee Benefits - Accounting for Leases - Provisions Contingent Liabilities and Contingent Assets	- COA - Net equity and reserves - PSC - PCA and SCA - Others depending on necessity

Annex III. Accounting treatment of UNWTO satellites

1. The following table shows the relationship between the different satellites and UNWTO from the IPSAS point of view and well as its effect on UNWTO Financial Statements up to 31 December 2013 and from 1 January 2014 onwards, that is, under IPSAS:

Satellite		Relationship	Up to 31/12/2013	From 01/01/2014
RSOAP (Regional Support Office of Asia and the Pacific)		Part of UNWTO	Only revenue and expense part of UNWTO accounting documents	It will be fully part of UNWTO Financial Statements
STEP Foundation	Up to Aug 2013	Controlled entity.	Not part of UNWTO accounting documents	
	From Sept 2013	Independent from UNWTO In Aug 2013 the UNWTO 20th General Assembly (GA) decided to transform the ST-EP Foundation into an independent international organization (A/RES/622(XX)		Not applicable (n.a.) – not part of UNWTO Financial Statements because UNWTO has no direct control over the STEP. No materiality in respect to total UNWTO resources.
Themis Foundation		Joint venture	Not part of UNWTO accounting documents	It will be part of UNWTO Financial Statements
TOI (Tour Operators' Initiative for Sustainable Tourism Development)		Independent from UNWTO	Not part of UNWTO accounting documents	Not applicable (n.a.) – not part of UNWTO Financial Statements. Amended MOU between TOI and UNWTO signed in 2014
International Centre for Knowledge Management on Meetings and Events		Independent from UNWTO	Not part of UNWTO accounting documents	Not applicable (n.a.) – not part of UNWTO Financial Statements
Silk Road Tourism Office		Associate to UNWTO	Not part of UNWTO accounting documents	Not applicable (n.a.) – not part of UNWTO Financial Statements because there is no way of ascribing ownership.
International Documentation and Research Centre on Industrial heritage for Tourism		Independent from UNWTO	Not part of UNWTO accounting documents	Not applicable (n.a.) – not part of UNWTO Financial Statements

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Annex IV. Main milestones to enhance ISIS

1. The following table shows a summary of the main milestones to enhance ISIS (Integrated Support Information System):

2014/2015	· Purchases module (work plan, analysis, implementation and validation) · Accounts payable module (work plan, analysis, implementation and validation) · Progress report to EC · Training · Completion and go live modules
2015/2016	· Consumables/inventories module (work plan, analysis, impl. and validation) · Sales module (work plan, analysis, implementation and validation) · Accounts receivable module (work plan, analysis, implementation and validation) · Progress report to EC · Training · Completion and go live modules
2016/2017	· Travel module (work plan, analysis, implementation and validation) · HR module (work plan, analysis, implementation and validation) · Procurement module (work plan, analysis, implementation and validation) · Progress report to EC · Training · Completion and go live modules