Operational Instruction Ref. OI.FG.2020.01
Financial Accounting and Reporting

Authority:

This Operational Instruction (OI) is promulgated by the Chief Financial Officer and Director of Administration under Operational Directive Ref. OD.FG.2017.01 – Finance and Asset Management.

Purpose:

The purpose of this OI is to provide an overall instructions on the financial accounting and reporting. The specific processes describing in detail how to operationalize this OI shall be included in the Processes and Quality Management System (PQMS).

Effective Date:

This OI shall become effective immediately.

Promulgation Date:

03 Mar 2020

Consequential changes:

This OI shall supersede and abolish OI.FG.2019.05 - Financial Accounting and Reporting. The purpose of this revision is to allow UNOPS to make additional financial disclosures beyond IPSAS requirements, and to clarify that the gross amount of construction contract recognized as revenue shall be reported in the statement of financial performance.

[signature redacted]

Marianne de la Touche
Chief Financial Officer and Director of Administration

1. Purpose and Scope

1.1 The purpose of this Operational Instruction (OI) is:

- To provide instructions regarding UNOPS compliance with International Public Sector Accounting Standards (IPSAS) for corporate finance statements and provide specific instructions on each accounting rule, disclose the treatment of assets, liabilities, revenue and expenses. Rules and related instructions issued under this OI shall not replace or supplant IPSAS.
- To clarify the roles and responsibilities of related departments within UNOPS in management and maintenance of UNOPS general ledger (GL) and related transactions.
- To ensure data integrity in UNOPS General Ledger.
- To improve and ensure efficient and effective management of financial transactions and related oversight and monitoring.

2. General Ledger Management

2.1 UNOPS GL shall be managed through the ERP system (oneUNOPS) in order to allow financial transactions to be recorded to the GL from different locations where UNOPS offices are based.

2.2 This centralized approach shall help ensuring the integrity of data in the GL through regular accuracy checks, validation and monitoring of such data at all levels of the organization. While the overall accountability for data integrity of financial information in General Ledger lies with Finance Group, individual business units and offices are responsible for accuracy, completeness and appropriate classification of financial transactions recorded in General Ledger.

2.3 To ensure accurate, reliable and consistent data in the GL and reporting in UNOPS corporate financial statements, different reviews, reconciliation and oversight activities shall be carried out in accordance with quarterly and year end closure guidelines to be developed in PQMS. Furthermore, the respective units and offices are required to establish local controls to ensure data integrity of their respective units.

2.4 The financial reporting period of UNOPS is 1st January to 31st December.

2.5 UNOPS Reporting official reporting currency is USD.

3. IPSAS

3.1. In response to United Nations General Assembly's resolution 60/283 requiring the United Nations system to adopt International Public Sector Accounting Standards (IPSAS), UNOPS accounting and reporting shall comply with IPSAS.

3.2. One of the purposes of this OI is to provide instructions regarding compliance with IPSAS, as further defined in PQMS. Where an inconsistency arises between OI and a relevant IPSAS standard, the respective text of the standard prevails.

3.3. UNOPS may decide to make additional disclosures beyond the requirements of IPSAS at its discretion.

IPSAS 1. Presentation of corporate financial statements

3.4. UNOPS shall prepare its corporate financial statements on an accrual and going concern basis in compliance with IPSAS. The corporate financial statements shall include a complete set of notes providing additional narrative descriptions or disaggregation on the items disclosed.

3.5. All items of revenue and expenses recognized in a financial period shall be included in UNOPS statement of financial performance unless a specific IPSAS standard requires otherwise. Wherever possible, revenue shall be matched with the expenses incurred in the period.

IPSAS 2. Cash flow statements

3.6. UNOPS shall prepare its cash flow statement using the indirect method. Under this approach the statement shall disclose all cash and cash equivalents components classified by operating, investing and financing activities. UNOPS' net surplus or deficit shall be adjusted for the effects of non-cash transactions (i.e. accruals, provisions, amortization and depreciation, etc.) and items of revenue or expense associated with investing or financing activities. UNOPS shall present a reconciliation of the amounts in its cash flow statement with the equivalent items reported in its statement of financial position.

3.7. The Organization performs activities on behalf of its clients and the fund advances received from clients for project activities are mingled with UNOPS' other cash balances. Some of these funds are also placed into investments and time-deposits. The nature and total of all such amounts shall be included in the financial statements.

IPSAS 3. Fundamental errors and changing accounting policies

Accounting policies:

3.8. UNOPS shall disclose in its statements changes in its accounting rules that affect such and prior statements, including:

(a) the nature of the change in accounting policy;

(b) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected;

(c) the amounts of adjustments related to prior periods; and

(d) reasons for impracticability to make a certain adjustment, if any.

Accounting estimates:

3.9. UNOPS shall disclose the nature and amount of a change in accounting estimate that has a significant effect in the current and, if applicable, the future financial periods. If it is impracticable to estimate and disclose the amount of the effect in future periods, UNOPS shall disclose that fact and the reasons for such impracticability.

Prior period errors:

3.10. UNOPS shall disclose:

(a) the nature of the error;

(b) the amount of correction for each financial statement line item affected;

(c) the amount of correction at the beginning of the earliest prior period presented;

(d) if retrospective application is impracticable, the reason.

IPSAS 4. The effect of changes in foreign exchange rates

3.11. Transactions, including non-monetary items, in currencies other than United States dollars (USD) shall be translated into USD using the United Nations Operational Rate of Exchange (UNORE) on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and unrealised exchange differences (gains and losses) from the translation at year-end shall be recognized in the statement of financial performance.

3.12. In particular, UNOPS shall disclose:

(a) the total amount of exchange differences that have been recognized in the annual surplus or deficit (excluding differences arising on financial instruments);

(b) net exchange differences classified in a separate component of net assets/equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period;

(c) if there is a change in UNOPS' functional currency, or a significant foreign operation, that fact will be disclosed along with the reason that the change arose.

IPSAS 9. Revenue from exchange transactions

3.13. IPSAS 9 applies to revenue arising from the following exchange transactions:

(a) The rendering of services;

(b)The sale of goods, and

(c) The use by others of entity assets yielding interest and dividends.

3.14. Under IPSAS 9, UNOPS shall only recognize revenue where it is acting as a principal and has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. Where UNOPS acts as an agent, any amounts collected on behalf of the principal shall not be recognized as revenue.

3.15. Revenue shall correspondingly be recognized for:

(a) The rendering of services, for which reference shall be made to the stage of completion (percentage of completion) of the transaction at the reporting date, provided the outcome of the transaction can be estimated reliably. Note with respect to grants, revenue shall be recognized upon disbursement by UNOPS and as service is rendered;

(b)The sale of goods, when significant risks and rewards have been transferred to the purchaser (and no longer under the effective control of seller), the amount of revenue and costs in respect of the transaction can be reliably measured;

(c) Assets yielding interest and dividends, when it is probable that economic benefits or service potential will flow to the entity, and the amount of the revenue can be measured reliably.

3.16. UNOPS shall disclose:

(a) the accounting rules adopted for the recognition of revenue including the methods adopted to determine the stage of completion for transactions involving the rendering of services;

(b) a breakdown of each significant category of revenue recognized during the financial period;

(c) the amount of revenue arising from exchanges of goods or services included in each significant category of revenue.

3.17. In the situation of an onerous contract, for each provision the following shall be disclosed:

(a) A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.

(b) An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, UNOPS shall disclose the major assumptions made concerning future events.

(c) The amount of any expected reimbursement, stating the amount of any asset that has been recognized for that expected reimbursement.

IPSAS 11. Construction contracts

3.18. The gross amount of construction contract recognized as revenue shall be reported in the statement of financial performance. Construction contract revenue shall correspondingly be recognized by reference to the stage of completion at the reporting date, provided the outcome of the transaction can be estimated reliably.

3.19. Construction contracts include:

(a) contracts for the rendering of services that are directly related to the construction of the asset, for example, those for the services of project managers and architects; and (b) contracts for the destruction or restoration of assets, and the restoration of the environment following the demolition of assets.

3.20. UNOPS shall disclose the methods used to determine both:

(a) contract revenues; and

(b) the stage of completion of contracts in progress.

3.21. UNOPS shall also disclose:

(a) A breakdown of amounts recognized in respect of construction contracts including:

- The amount of contract revenue and costs recognized in the period in the statement of financial position;
- The total costs incurred to date (i.e. on a cumulative basis rather than for the period)
- The aggregate surpluses (less recognized deficits) recognized to date.

(b) The total amount of advances received from clients/customers; and

(c) Amounts held back as security for any rectification work required (i.e. retentions).

3.22. With respect to contracts in progress at the end of the financial period UNOPS shall disclose:

(a) the gross amount due from clients/customers for contract work as an asset; and

(b) any amounts that are due to clients/customers for contract work that have been recognized as a liability at the end of the reporting period.

IPSAS 12. Inventories

3.23. Inventories are assets in the form of materials or supplies to be consumed in the production process, in the rendering of services or items to be consumed. Inventories are also assets ordinarily held for sale or distribution. At UNOPS, inventories typically consist of assets under UNOPS control

including: consumable stores, spare parts, pharmaceutical products, training course materials, parts for emergency shelters, stores of mine clearing equipment and explosives. UNOPS uses the first-in, first-out (FIFO) method to value the inventories.

3.24. UNOPS' financial statements shall disclose:

(a) the accounting rules adopted in measuring inventories, including the cost formula used.

(b) the amount of any reversal of any write-down that is recognized in the statement of financial performance during the period;

(c) the amount and circumstances of any reversal of a write-down of inventories recognized during the period if any;

(d) the carrying amount of inventories pledged as security for liabilities, if any; and

(e) the cost of inventories recognized as an expense during the period.

IPSAS 13. Leases

3.25. UNOPS as a lessee shall disclose the following for operating leases:

(a) the total of future minimum lease payments under non-cancelable operating leases broken down according to payable terms: within one year; one to five years; and greater than five years;

(b) the total of future minimum sublease payments expected to be received under non-cancelable subleases at the reporting date;

(c) lease and sublease payments recognized as an expense in the financial period, with separate amounts for minimum lease payments, contingent rents, and sublease payments; and

(d) a general description of the lessee's significant leasing arrangements, including:

- the basis on which contingent rent payments are determined;
- the existence and terms of renewal or purchase options and escalation clauses, and
- restrictions imposed by lease arrangements, such as those concerning return of surplus, return of capital contributions, dividends or similar distributions, additional debt and further leasing.

3.26. UNOPS as a lessor shall disclose the following for operating leases:

(a) the future minimum lease payments under non-cancelable operating leases in the aggregate and for each of the following periods: within one year; one to five years; and greater than five years; and

(b) total contingent rents recognized in the statement of financial performance in the period;

(c) a general description of the lessor's leasing arrangements.

3.26. UNOPS as a lessee shall disclose the following for finance leases:

(a) for each class of asset, the net carrying amount at the reporting date;

(b) the total of future minimum lease payments at the reporting date, and their present value, broken down according to payable terms: within one year; one to five years; and greater than five years;

(c) contingent rents recognized as an expense in the period;

(d) the total of future minimum sublease payments expected to be received under non-cancelable subleases at the reporting date, and

(e) a general description of the lessee's material leasing arrangements, including:

- the basis on which contingent rent payable is determined;

- the existence and terms of renewal or purchase options and escalation clauses, and
- restrictions imposed by lease arrangements.

3.27. UNOPS as a lessor shall disclose the following for finance leases:

(a) reconciliation between the total gross investment in the lease at the reporting date, and the present value of minimum lease payments receivable at the reporting date. In addition, the entity shall disclose the gross investment in the lease and the present value of minimum lease payments receivable at the reporting date, broken down according to payable terms: within one year; one to five years; and greater than five years; and

(b) unearned finance revenue;

(c) the unguaranteed residual values accruing to the benefit of the lessor;

(d) the accumulated allowance for uncollectible minimum lease payments receivable;

(e) contingent rents recognized in the statement of financial performance; and

(f) a general description of the lessor's material leasing arrangements.

IPSAS 14. Events after the reporting date

Disclosure of date of authorization for issue

3.28. The date when the financial statements were authorized for issue and who provided that authorization, shall be disclosed. In UNOPS' case, the financial statements shall be approved by the Executive Director for submission to the Executive Board.

3.29. This date is important because:

(a) The "events after the reporting date" period spans between the 1st of January and, as a maximum, the date of approval by the Executive Director;

(b) events that occur after the date of approval are not usually recognized or disclosed in the financial statements.

3.30. If another body has the power to amend the financial statements after issuance, this fact shall be disclosed as well.

Disclosure about conditions at the reporting date

3.31. If subsequent information comes to light after the end of the reporting period (i.e. 31 December) about conditions that existed at the end of the reporting period, the original disclosures shall be updated to reflect this new information.

Disclosures: adjusting events occurring after the reporting date

3.32. In accordance with IPSAS, all material events occurring after the reporting date shall be disclosed.

3.33. Therefore UNOPS shall adjust the amounts recognized in its financial statements to reflect any such material adjusting events after the reporting date.

Disclosure of non-adjusting Events after the Reporting Date

3.34. UNOPS shall disclose (but not adjust) for each of the following material categories of non-adjusting events after the reporting date:

(a) the nature of the event;

(b) an estimate of its financial effect or a statement that such an estimate cannot be made.

IPSAS 17. Property, plant and equipment (PPE)

3.35. UNOPS shall disclose:

(a) Its depreciation policy used;

(b)Its depreciation rates (i.e. the length of the useful lives);

(c) Where UNOPS adopts a policy of revaluation, this should be explained along with information on when the last valuation exercise was carried out, whether the valuation was carried out by an independent valuer, the major assumptions used in the valuation and on what basis the fair value was determined. UNOPS will also present a reconciliation in the form of a table showing the carrying amount at the beginning and end of each period, in relation to the movement of each recognized class of property, plant and equipment. The reconciliation shall include:

- Gross carrying amount and accumulated depreciation at the beginning and end of the period;
- Additions;
- Assets classified as held for sale and other disposals;
- Impairment losses;
- Revaluations;
- Depreciation;

3.36. In addition UNOPS shall disclose information on:

(a) The existence and amount of any restrictions on the title of PPE where it has been pledged as security over liabilities;

(b)The amount of expenditure recognized in respect of assets in the course of construction (other than work in progress arising under construction contracts);

(c) The amount of any contractual commitments for future acquisition of items of PPE; and

(d)The amount of any compensation received in respect of impaired or lost assets.

IPSAS 18. Segment reporting

3.37. In general, IPSAS prescribe principles for reporting financial information by segment to help users of financial statements gain a better understanding of the performance of each part of the operations, leading to a better understanding about the entity as a whole. UNOPS shall therefore undertake segment reporting based on its principal activities undertaken across its core operating segments. These segments shall be determined based on UNOPS' components that are considered to be important for the purpose of internal management reporting.

3.38. UNOPS shall disclose:

(a) a disaggregation of the financial statements (using the same underlying accounting policies)

(b) in the format of a reconciliation relating the reported segment information back to

(c) corresponding items in UNOPS' financial statements;

(d) details on segment revenue and expenses, assets and liabilities;

3.39. UNOPS will also provide information on:

(a) the type of products and services relating to each segment;

(b) the factors used by management to identify its segments

(c) additional disclosures are also required for discontinued operations.

3.40. In accordance with IPSAS 18 "Segment Reporting", UNOPS shall also disclose the following by segment: The main segments are UNOPS HQ and other regions:

(a) the amount of impairment losses recognized in annual surplus or deficit during the period; and,

(b) the amount of reversals of impairment losses recognized in annual surplus or deficit during the period.

IPSAS 19. Provisions, contingent liabilities, contingent assets

3.41. For each class of provision, UNOPS shall provide a full reconciliation clearly identifying movements during the period. The reconciliation shall include the:

(a) opening balance;

(b) additions;

(c) used amounts (charged against the provision);

(d)released amounts (reversed);

(e) unwinding of the discount; and

(f) closing balance.

3.42. For each class of provision, UNOPS shall also disclose an explanation detailing what the:

(a) provision is for;

(b) expected timing of any resulting outflows;

(c) an indication of uncertainties over the amount or timing of expected outflows;

(d) major assumptions used concerning future events; and

(e) whether any reimbursement has been recognized, if so what was the value of that asset.

3.43. For each class of contingent liability, assuming the expected outflow is not remote, UNOPS shall disclose a brief description of the:

(a) nature of the contingency;

(b) when practicable an estimate of its financial effect;

(c) uncertainties about the amount or timing of outflows; and

(d) the likelihood of any reimbursements being forthcoming.

3.44. For each class of contingent asset, assuming the receipt of economic benefit is probable, UNOPS shall disclose a brief description of the:

(a) nature of the contingent asset; and

(b) when practicable, an estimate of the financial effect of such an asset.

3.45. When it is not practicable to disclose any of the information above, or if disclosure would be seriously prejudicial to UNOPS, UNOPS shall also disclose an explanation of why no additional disclosure has been made. In such cases as a minimum, UNOPS shall provide information on the general nature of disputes. This shall occur in circumstances where there are legal proceedings in progress, the outcome of which could be affected by disclosure of the estimated settlement.

IPSAS 20. Related party disclosures

3.46. UNOPS shall disclose all of its related parties, including as a minimum:

(a) its Executive Board, consisting of the body of representatives of Member States responsible for assuring the overall management of UNOPS;

(b) UNDP and UNFPA in conjunction with UNOPS, where all three organizations are subject to common control by the Executive Board.

(c) the remuneration of its key management personnel, including at least the Executive Director and the Deputy Executive Director(s); and

(d) details of loans to key management personnel and their close family members, including

(e) advances, repayment and closing balances.

3.47. Where there have been any other transactions between related parties, UNOPS will disclose:

(a) The nature to the relationship and a description of the transactions;

(b) The amount of the transaction(s) during the period, for transactions not on normal terms and conditions;

(c) Details on any balances, security, guarantees outstanding at the period end.

IPSAS 21. Impairment of non-cash generating assets

3.48. UNOPS shall disclose the following for each class of assets:

(a) the amount of impairment losses recognized in annual surplus or deficit during the period and the line item(s) of the statement of financial performance in which those impairment losses are included;

(b) the impairment losses reversed in annual surplus or deficit during the period and the line

(c) items of financial performance in which those impairment losses are reversed.

3.49. In accordance with IPSAS 18 “Segment Reporting”, UNOPS shall also disclose the following by segment: The main segments are UNOPS HQ and other regions.

(a) the amount of impairment losses recognized in annual surplus or deficit during the period; and,

(b) the amount of reversals of impairment losses recognized in annual surplus or deficit during the period.

3.50. If an impairment loss recognized or reversed for an individual asset is significant to the financial statements, UNOPS shall disclose the following:

(a) the events and circumstances that led to the recognition or reversal of the impairment loss;

(b) the amount of the impairment loss recognized or reversed;

(c) the nature of the asset;

(d) the segment to which the asset belongs,;

(e) if recoverable service amount is fair value less costs to sell or value in use;

(f) if recoverable service amount is fair value less costs to sell, the basis used to determine fair value less costs; and

(g) if the recoverable service amount is value in use, the approach used to determine value in use.

3.51. And where no information has already otherwise been disclosed, UNOPS shall disclose information for the aggregate of impairment losses and the aggregate reversals of impairment losses recognized during the period:

(a) the main classes of assets affected by impairment losses and reversals; and

(b) the main events and circumstances that led to the recognition of these impairment losses and reversals.

IPSAS 23. Revenue from non-exchange transactions

3.52. Non-exchange revenue shall be recognized when an asset is acquired whose value can be measured reliably. The revenue shall be measured at the fair value of the asset acquired.

3.53. UNOPS shall disclose either on the face of, or in the notes to the financial statements:

(a) the amount of revenue from non-exchange transactions recognized during the period by major classes showing separately different types of transfer revenue;

(b) the amount of receivables (particularly goods in kind and donated project assets without restrictions) recognized in respect of non-exchange revenue;

(c) the amount of liabilities recognized in respect of transferred assets subject to conditions;

(d) the amount of assets recognized that are subject to restrictions and the nature of those restrictions;

(e) the amount of any liabilities forgiven;

(f) the accounting policies adopted for the recognition of revenue from non-exchange transactions;

(g) the basis on which the fair value of inflowing resources was measured; and

(h) the nature and type of major classes of gifts, donations, contributions in-kind showing separately major classes of goods in-kind received.

IPSAS 24. Presentation of budget information in financial statements

3.54. While the financial statements include all of the resources controlled by UNOPS, the approved budget does not cover all of UNOPS. Disclosure of what elements are included and excluded from the budget is therefore necessary for an understanding of the difference in scope. Also while UNOPS' budget period (e.g. biennial) does not match the financial statements period (annual), this fact will need to be disclosed to make the statements understandable.

3.55. UNOPS shall disclose and present the following:

(a) The original and final budget amounts (approved by the Executive Board);

(b) Actual amounts on a comparable budgetary basis;

(c) Explanation of material differences between the final budget and actual amounts;

(d) Explanation of changes between the original and final budget

(e) Reconciliation of actual amounts on a comparable (budgetary) basis to actual amounts (cash flows) presented in the financial statements.

3.56. Furthermore, UNOPS shall explain the budgetary basis and classification basis adopted in the approved budget and the financial period of the approved budget. Any material differences between the final budget and the actual amounts shall be disclosed in the notes to the financial statements or in the financial and budget performance highlights.

IPSAS 26. Impairment of cash generating assets

3.57. UNOPS shall disclose the following for each class of assets:

(a) the criteria developed to distinguish cash-generating assets from non-cash generating assets;

(b)the amount of impairment losses recognized in the annual surplus or deficit during the period and the line items of the statement of financial performance in which those impairment losses are included; and,

(c) the amount of reversals of impairment losses recognized in annual surplus or deficit during the period and the line item(s) in the statement of performance in which those impairment losses are reversed.

3.58. UNOPS shall disclose the following for each material impairment loss recognized or reversed during the period:

(a) the events and circumstances that led to the recognition or reversal of the impairment loss;

(b) the amount of the impairment loss recognized or reversed;

(c) the nature of the asset;

(d) the segment to which the asset belongs, in accordance with IPSAS 18;

(e) if recoverable amount is fair value less costs to sell or value in use;

(f) if recoverable amount is fair value less costs to sell, the basis used to determine fair value less costs; and

(g) if the recoverable amount is value in use, the discount rate used in the current estimate and previous estimate (if any) of value in use.

3.59. UNOPS shall disclose the following, if impairment losses recognized (or reversed) as material in aggregate to the financial statements as a whole, were not previously disclosed:

(a) the main classes of assets affected by impairment losses and reversals; and

(b) the main events and circumstances that led to the recognition of this impairment losses and reversals.

IPSAS 28, 29, 30 Financial Instruments

3.60. UNOPS' financial instruments consist of accounts receivable (excluding prepayments), investments, cash and cash equivalents and accounts payable. The disclosures are necessary so as to provide users of the financial statements with an understanding of the effect that financial instruments have had on an entity's financial performance, position and cash flows.

3.61. In general UNOPS shall disclose:

(a) the accounting policies that have been applied in recognizing and measuring its financial instruments, including UNOPS' policy (if relevant) on the use of hedge accounting and the techniques used for measuring fair value;

(b) The carrying amounts of the following categories of financial instruments: held-to-maturity investments, loans and receivables, available-for-sale financial assets, financial liabilities measured at amortized costs and financial assets or liabilities measured at fair value through profit or loss/surplus or deficit.

(c) details in relation to cash flow hedges, including the periods over which the cash flows are expected to arise and consequently when they will impact on performance; (

d) information on the fair value, at the end of each reporting period, of financial assets and financial liabilities analyzed over their different classes. This information is required to be presented in a way that permits a comparison to be made between the fair values and the carrying amounts recognized in the statement of financial position.

3.62. Overall, UNOPS' disclosures shall meet the overall objective of providing more transparent information about the risks that exist in relation to its financial instruments and how UNOPS controls those risks, in relation to UNOPS' business.

IPSAS 31. Intangible assets

3.63. Intangible assets are carried at historical cost less accumulated amortization and any recognized impairment. Amortization shall be provided over the estimated useful life using the straight-line method.

3.64. The following UNOPS criteria need to be met for an item to be capitalized and recognized as an intangible asset:

(a) an estimated useful life of more than 1 year; and

(b) cost of the asset exceeding $2,500, except for internally developed software where a

(c) minimum development cost is set at $100,000, excluding research and maintenance costs, which are expensed when incurred.

3.65. UNOPS shall disclose:

(a) the amortization rates for intangible assets and the methods used;

(b) on which line item of the statement of comprehensive income/statement of financial

(c) performance amortization was charged;

(d)a full reconciliation of movements in the carrying amounts of intangible assets;

(e) any impairment losses incurred (with any reversals);

(f) net exchange differences that arose on translation; and

(g) the aggregate amount of research and development expenditure recognized as an expense during the period.

3.66. In addition to these disclosures, if an intangible asset has been assessed as having an indefinite life, its carrying amount, and the reasons supporting the indefinite life assessment shall be disclosed.

3.67. Where an intangible asset is acquired at no cost (e.g. a gift or donation) or for nominal cost, the fair value of the asset at initial recognition (i.e. the date of acquisition) shall be disclosed.

3.68. If UNOPS recognizes internally generated intangible assets, then the disclosure information shall to be disclosed separately for these assets.

IPSAS 39. Employee benefits Employee benefits

3.69. Employee benefits are broadly grouped under four categories:

(a) Short-term benefits – these are recognized as an expense in the period when an employee has rendered service to UNOPS. A liability is to be recognized for unpaid short-term benefits (e.g. this includes accumulating compensated absences, such as annual leave carried forward). By definition,

short-term benefits includes those elements falling due within twelve months after the end of the accounting period in which the employees render service to UNOPS;

(b) Post-employment benefits like after service medical plans (e.g. the United Nation's After Service Health Insurance programme), separation payments schemes (e.g. the repatriation grant at UNOPS) and pension benefits. For its defined benefit plans, UNOPS recognizes a net defined benefit asset or liability comprising the present value of the defined benefit obligations at the end of the reporting period, based on actuarial assumptions, net of the fair value of any plan assets at the end of the reporting period. Further details on UNOPS pension benefit plan are shown below;

(c) Other long term employee benefits like accrued annual leave, repatriation grants, and travel grants on separation. UNOPS recognizes a liability for other long-term benefits equal to the present value of the defined benefit obligation, minus the fair value of any plan assets at the end of the reporting period; and

(d) Termination benefits – UNOPS will recognize a liability and an expense for termination benefits when it is demonstrably committed to either:

- terminate the employment of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

3.70. In accordance with IPSAS which encourages the involvement of a qualified actuary in measuring defined benefit obligations, the majority of UNOPS' liabilities for post-retirement benefits and long term employee benefits shall be determined on an actuarial basis.

3.71. The accruals for employee and other operating costs are considered part of the working capital used in the entity's normal operating cycle. Hence, the liability for such operating items are typically classified as current liabilities even if they are to be settled more than twelve months after the reporting date. This also the case where UNOPS does not have an unconditional right to defer settlement of these liabilities for at least twelve months after the reporting date. However in substance, the portion of accrued annual leave that is in excess of an individual's needs, could be classified as a long-term employee benefit, since compensation will be payable when he enters new employment.

3.72. UNOPS is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF) which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The pension fund is a multi-employer funded defined benefit plan. The financial obligation of the organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date.