Board of the Centre   Geneva, 29 – 30 October 2007

SECOND ITEM ON THE AGENDA

Progress report on the introduction of the Euro for budgeting, accounting and reporting at the Centre.

1. In common with many other organizations belonging to the United Nations system that operated from outside the United States, the Centre decided in 1965 to adopt as currency of accounts a representative and worldwide used currency which was the United States dollar. Therefore, at present, the Centre's budgeting, accounting and reporting are done in United States dollars.

2. As from 1 January 2002 the euro replaced the national currencies of twelve European Union member States: Austria, Belgium, Germany, Greece, Finland, France, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain, thus creating a new currency used on a worldwide basis. Currencies of other members States have been linked to the euro and these States may be expected to accept the euro in future.

3. The Board of the Centre, at the 68th session in November 2006, approved the necessary modifications to the Financial Regulations and Rules of the Centre to enable the introduction of the euro for budgeting, accounting and reporting at the Centre from January 1, 2008.

4. Since this date the Centre has carefully analysed the different aspects of this change and has identified and found solutions for the different aspects to be addressed as follows:

   a. Changes to working methods of the Centre's staff concerning computer systems:

   i. The change to euro has very little effect on general accounting and purchasing systems as Oracle records all transaction both in the currency of the transaction (entered amount) and in the reporting currency (accounted amount). This means that, for all intents and purposes the users will not notice a difference as they enter all transactions as the "entered amount" and the system calculates and records the "accounted amount". With the introduction of the upgraded version of Oracle (see CC 69/2/Add. 1) additional training will be provided to all users on the new version and incorporating the change from USD to euro as the reporting currency of the Centre;

ii. The system used for preparing the individual budgets of the training activities has been converted from USD to euro. Activity budgets will be prepared in euro and wherever possible also invoiced in euro. Where invoices are requested in USD, they will be prepared using the UN exchange rate of the month;

b. Conversion of open items at December 31, 2007;

    i. Successful test runs for loading open items have already be made;

    ii. Conversion of open items will be made using the UN exchange rate of December 31, 2007. As this rate will not be known before the 28th or 31st of December, open items will be prepared in advance and converted in early January 2008. It is expected that the system will not be available to users for the first week of January and possibly also the second week;

c. The following elements will be converted into the new system;

    i. All open purchase requisitions (PR) and purchase orders (PO) after control to ensure that there are sufficient funds available for eventual differences due to rounding. An ongoing review is being made to ensure that only valid PRs and POs are converted into the new system;

    ii. All open invoices for suppliers and customers together with any eventual prepayments;

    iii. All open balance sheet items in detail with the original currency and the euro equivalent;

    iv. All ongoing budgets with the related allotments;

    v. The system's exchange rate tables will be transformed from the format 1USD = rate of other currency to the format 1euro = rate of other currency;

    vi. Payroll elements will still be calculated in USD and then converted at the appropriate UN exchange rate into euro for accounting purposes;

    vii. All balances will transit by the general reserve account so as to constitute the opening reserves at January 1, 2008.

5. Data referring to closed items will be transferred to the new system in a special data-repository so that they can be accessed once the old system had been shut down. This data repository will identify the related basic documents item by item.

6. This document is submitted *for information*.