



Statement on behalf of the Member States of the European Union

By

Mr. Gerton van den Akker

**First Secretary at the Delegation of the European Union
to the United Nations**

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Umoja/ERP and International Public Sector Accounting Standards

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– AS DELIVERED –

Thank you, Mr. Chairman,

I have the honour to speak on behalf of the Member States of the European Union.

The Acceding country Croatia*, the candidate countries Turkey, the former Yugoslav Republic of Macedonia*, and Montenegro*, and the countries of the Stabilisation and Association Process and potential candidates Albania and Bosnia and Herzegovina align themselves with this statement.

Mr Chairman,

At the outset, I would like to thank Under-Secretary-General Mr Yukio Takasu for introducing the Fourth Progress Report of the Secretary-General on the enterprise resource planning project, and the ASG and Controller, Ms María Casar, for introducing the Fifth Progress Report on the adoption of the International Public Sector Accounting Standards, and the Proposed revisions to the Financial Regulations of the United Nations for the adoption of the International Public Sector Accounting Standards. I would also like to thank the Director of External Audit and member of the Audit Operations Committee of the Board of Auditors, Mr Hugh O'Farrell, for introducing the First annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system, and the Second progress report of the Board of Auditors on the implementation of the International Public Sector Accounting Standards. Our thanks also go to the Chair of the Advisory Committee on Administrative and Budgetary Questions, Mr Collen V. Kelapile, for introducing the reports of the ACABQ on the enterprise resource planning system and the International Public Sector Accounting Standards.

* Croatia and the former Yugoslav Republic of Macedonia continue to be part of the Stabilisation and Association Process.

Enterprise Resource Planning

Mr Chairman,

The Member States of the European Union have always been staunch supporters of Umoja and its potential for business transformation within the United Nations system. We continue to see Umoja as a Secretariat-wide organisational initiative that will enable high-quality and cost-effective service delivery. We continue to believe that the project should be delivered in its full scope as approved by the General Assembly in Resolution 63/262. We fully support USG Takasu and ASG Baca and their teams as they work to successfully deliver Umoja's projected benefits, which we note have been estimated at \$130 million to \$220 million annually.

We have taken note, Mr Chairman, of the observations made by the Board of Auditors and the ACABQ. Strong leadership will be essential to restore confidence in the ability of the Secretariat to successfully manage and deliver Umoja. On the Third annual progress report, the Board of Auditors had expressed concerns that the plans covering the scope, budget and timetable for the project are highly optimistic and lack rigour. The ACABQ expressed strong concerns on the findings of the Board and urged the Secretary-General to ensure rapid implementation of all recommendations made by the Board. We welcome that the Secretariat has accepted all recommendations of the Board in full. We also welcome the positive steps taken by the Secretariat on governance issues to address some of the obstacles the project faced. The Member States of the European Union are pleased that USG Takasu is now the project owner and is fully accountable for Umoja's implementation and delivery of benefits. Mr Chairman, we remain, however, very concerned by the observations of the Board of Auditors and the ACABQ and we will closely scrutinise the request for additional funds as well as the new timeline of the project, and the indirect costs, which we believe should be from the start absorbed by the various concerned departments. Like the ACABQ, we believe that much remains to be done to ensure stricter management of the implementation timetable and costs of the project. Furthermore, we expect continuous monitoring by UN senior management to ensure that all recommendations, including those that were accepted by the Secretariat, are implemented rapidly.

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International Public Sector Accounting Standards

Mr Chairman,

The Member States of the European Union recognise the progress that has been made in implementing the International Public Sector Accounting Standards. 11 of 24 organisations within the United Nations system have completed IPSAS implementation as at 31 December 2011 and received unqualified audit opinions on their financial statements. For the remaining 13 organisations, implementation is on schedule for 12 of them. We take note of this development with appreciation.

We concur with the Secretary-General's observation that the preparation of accurate opening balances is one of the biggest challenges in implementation across the UN system. However, it is not the only challenge. The Secretary-General has noted in his report on IPSAS implementation that the project's focus has recently shifted from policy and central planning to the implementation of work by local IPSAS teams at offices away from Headquarters. The Member States of the European Union welcome this development. The implementation of IPSAS and the full realisation of expected benefits, in line with Resolution 66/246, requires planning and clear lines of accountability. The pre-implementation activities being undertaken to build the foundation of IPSAS implementation are crucial for the benefits realisation of the project. We agree with the Board of Auditors' observation that the full realisation of all intended benefits is the ultimate test of success of the project.

Mr Chairman,

The Member States of the EU note that delays in the Umoja timetable do not only postpone the realisation of benefits, but also have a certain impact on the delivery of other initiatives, with financial and operational implications for the Organisation. Work-around solutions are necessary to produce IPSAS-compliant financial statements using legacy systems such as IMIS. This has one-time cost implications, but also may impact the operational effectiveness of different offices within the Secretariat.

The Under-Secretary-General for Management has highlighted at the beginning of this session that the United Nations has built capacity in different locations around the world that are self-sufficient and have the full complement of administrative backstopping capacities. He noted that as a downside of this arrangement there has been fragmentation and a lack of standardisation in administrative processes. The Member States of the European Union believe that we should aim over time to build a truly global Secretariat with standardised, location-independent service delivery, facilitated by process harmonisation and a shared information technology platform. This will create opportunities for strengthened transparency and oversight, along with more cost-effective ways of working. Both Umoja and IPSAS are of critical importance to the transformation to this future model, and a truly global Secretariat cannot be realised without either.

Thank you, Mr Chairman.