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Opening statement to the Fifth Committee on the Board of Auditors Sixth Annual Progress report on the implementation of United Nations Enterprise Resource Planning system (Umoja) A/72/157

December 2017

Mr. Chairman,

Distinguished representatives,

On behalf of the Chairman, Mr. Rajiv Mehrishi, Comptroller and Auditor General of India and the other Board Members Professor Mussa Assad, Controller and Auditor General of the United Republic of Tanzania, Mr. Kay Scheller, President of the German Federal Court of Auditors, I have the honour to introduce the Board of Auditors sixth annual progress report on the implementation of the United Nations ERP system, Umoja.

Background

Umoja is global project to modernize a wide range of business processes and systems that are essential to the efficient and effective functioning of the Organization. The solution will span most of the Organization's administrative and support functions, including finance and budget, supply chain and procurement, human resources, central support services, and programme and project management. This is the sixth annual progress report produced by the Board.

Key findings

Umoja Integration (Foundation and Extension 1 functionality) has now been deployed to five clusters with over 40,000 users operating from more than 400 locations. Cluster 5 was deployed in November 2016.

The Administration informed that 35,596 of the 40,694 Umoja users have been trained, of whom 32,240 have received multiple training implying that 12 per cent of the total Umoja users had not received any training.

The issues raised by cluster 3 and 4 entities were harmonized into a set of 67 recommendations. From the information received from the Umoja team as of February, 2017, 13 recommendations were still in the process of implementation.

The stabilization of business reporting is another issue which requires attention. Umoja currently provides 172 standard corporate formatted and adhoc reports while power users have produced 2,753 reports. During 2016, the Umoja-team began a phased transition of responsibilities of Business Intelligence reporting from the Umoja Project to the Office of Information and Communications Technology (OICT) as part of mainstreaming of project functions. OICT conducted a series of bilateral workshops with each entity to identify and develop key additional reports which indicated a requirement of more than 700 reports.

The Administration had engaged an external consultant to carry out an assurance project to identify and analyse areas of risk that may affect the immediate and long-term value of Umoja to the Organization. The Board observed that the consultant had identified, in 2015, the operating model risks, the impact of the risks, the mitigating actions and indicated that the benefits of Umoja will not be realized if these risks are not addressed. However, action on the recommendations of the consultant's study is still underway.

The Total Cost of Ownership (TCO) is the sum of Direct cost and Indirect cost - wherein indirect cost is composed of people time (hours) of various departments/ entities for Umoja deployment/ support including legacy data cleansing/ enrichment, and training. The cost of development (capital expenditure) of Umoja is borne under Umoja project while maintenance/ support costs (revenue expenditure) are borne by OICT. The Umoja project team has not yet assessed the exact TCO and stated that while the direct costs could be easily quantified, quantification of indirect costs has been challenging as time sheets are not maintained for staff in the UN Secretariat.

Till the 2016-2017 biennium budget, a top down approach was adopted with the Heads of Department quantifying benefits based on the overall savings to be made. The

Administration stated that from the budget for the biennium 2018-2019, a bottom up approach with involvement of the business process owners has been adopted, with a review of areas of the original benefits case as to their continuing validity and applicability as well as quantification of projected benefits in the updated business case from Process Owners in the fields of Human Resource, Central Support Services, Finance, Logistics and Supply Chain and Information Technology. It was added that the budget for 2018–2019 to be presented to the General Assembly would be based on these projections. The Board noted that the bottom up approach is an improvement over the earlier top down approach.

Recommendations

Of the 18 pending recommendations from the Board's previous reports, four have been fully implemented, 12 are under implementation and two have not been implemented.

This concludes my introductory statement. I, along with my colleagues, would be happy to provide any clarifications or additional information that the Committee may require.

Thank you.

Anand Bajaj
Director of External Audit, India
Chair, Audit Operations Committee