

# United Nations Nations Unies

## BOARD OF AUDITORS

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### **Opening statement to the Fifth Committee on the Eighth Annual Progress report of the United Nations Board of Auditors on the implementation of United Nations Enterprise Resource Planning system (Umoja) A/74/153**

**[November 2019]**

Mr. Chairman,

Distinguished Delegates,

On behalf of the Chairman, Mr. Kay Scheller, President of the German Federal Court of Auditors, Mr. Rajiv Mehrishi, Comptroller and Auditor General of India and Mr. Jorge Bermudez, Comptroller General of the Republic of Chile, I have the honor to introduce the main findings from the Board of Auditors' eighth annual progress report on the implementation of the United Nations ERP system, Umoja.

#### **Background**

Umoja intends to modernize a wide range of business processes and systems that are essential to the efficient and effective functioning of United Nations. 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.

#### **Key findings**

Umoja is a key enabler for modernization and reforms in the administration of the United Nations. The implementation of the Umoja Foundation and UE1 phases has seen significant benefits, and the complete deployment of UE2 functionality has the potential to contribute further quantitative and qualitative benefits to the Organization.

### ***Status of UE2***

The Board noted that process-wise, functionality-wise and entity-wise coverage of scope achieved as part of the deployment under UE2 during 2018 was limited, resulting in a significant quantum of work remaining to be implemented. By December 2018, deployment of 17 processes of UE2 was complete with deployment of 53 processes in progress, while deployment of 32 others had not started. The Board also noted that, for the completion of the project and the achievement of its intended objectives, all the functionalities need to be completed, deployed and appropriately integrated. Taking into consideration the quantum of work which was yet incomplete, there is a material risk that the full implementation of UE2 will not be achieved by the end of 2019.

In addition to the risks identified in the tenth progress report of the Secretary General on enterprise resource planning and those highlighted by an independent consultant engaged by the Secretariat, the Board noted that there were potential risk factors affecting the implementation of Umoja, which included lack of a clear mainstreaming plan, vacancies in the Umoja project team and risks relating to a change in SAP licensing terms in case of charges for indirect data access by third-party applications.

### ***Application controls and data quality issues***

The functionality for processing vendor payments had been deployed as a part of the Foundation and UE1 phases of the Umoja project. The Board noticed gaps in application controls over invoices with the system allowing users to disable the three-way matching process while creating a purchase order, defeating the purpose of ensuring a clear trail from the procurement of goods/service to their delivery and the raising of invoice. Application control for detecting duplicate invoices, being an optional check, was not exercised for all vendors. Weaknesses in application controls over vendor payments included the non-automation of the execution of daily payment proposals, the lack of a bank balance sufficiency check within the system and non-review of role provisioning for users having access to execute payment runs. There were also gaps in the maintenance of master data.

### ***Status of Support Functionalities for Umoja***

While the upgrade of the database to SAP HANA and its integration with SAP Business Warehouse were achieved, the capability of the new semantic layers in HANA to combine analytical models from different SAP products and across pillars to create more complex visualizations and business intelligence reports has not yet been leveraged. Further, work had not commenced for developing business intelligence reports for four UE2 projects.

The Board noticed that first-call resolution rates for service requests increased slightly during 2018, whereas the rate declined marginally for incidents. Deployment of new functionalities under UE2 projects is likely to result in increased challenges for the development of support capabilities at the first two tiers, necessitating a strategy to equip the first two tiers of production support.

### ***Umoja Business Case***

The benefits realization plan was under preparation, and the organizational unit designated to monitor the realization of benefits was yet to commence its work. Meanwhile, the Board noted a likely impact on project costs, considering the risks to completion of UE2 by December 2019 and the intended changes in mainstreaming of the project which would alter the basis for working out costs of the project. The Board also noticed inaccuracies in the calculation of indirect costs.

### ***Mainstreaming Plan***

Considering that the scheduled date for the implementation of all UE2 projects is 31 December 2019, the Board is of the view that it is important for the mainstreaming plan to be finalized at the earliest.

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.



**Peter Korn**  
**Director of External Audit, Germany**  
**Chairman, Audit Operations Committee**