


January 2013

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## FINANCE COMMITTEE

**Hundred and Forty-eighth Session**

**Rome, 18 - 22 March 2013**

**Progress Report on the Global Resource Management System**

Queries on the substantive content of this document may be addressed to :

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### EXECUTIVE SUMMARY

- This document provides information on progress made on the Global Resource Management System (GRMS) Programme during the period November 2012 to January 2013 and the plans for February to June 2013.
- Following the go live in HQ and Regional Offices on 6th November 2012, GRMS was deployed to seven pilot offices in 2012 and the first deployment wave to 32 country offices will be completed by early March 2013. Deployment to the remaining country offices is planned to be completed during the period from March to May 2013.
- The deployment approach and plans have been refined based on the experience from the pilots. The implementation of changes in decentralized offices due to capacity constraints continues to be a major risk.
- The full deployment of GRMS to all Decentralized Offices is on track for completion by May 2013 and the activities in support of IPSAS implementation are progressing according to plan.
- The Programme Executive Board, which includes all five Regional Representatives, continues to meet regularly.

### GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Committee is invited to take note of the information presented in this document.

#### Draft Advice

- **The Finance Committee reviewed document FC148/13 which provided an update on progress made on the Global RMS Programme for the period November 2012 to January 2013, and plans for the period February to June 2013.**
- **The Committee noted the progress on the Programme and that plans are on track to complete the deployment in May 2013 and to produce IPSAS-compliant Financial Statements from 2014 onwards.**
- **The Committee also noted the plans for deployment to the remaining decentralized offices and the risks related to office capacity constraints as reported by the Office of the Inspector General.**

## BACKGROUND

1. At its 147th Session in November 2012, the Finance Committee reviewed the progress report on implementation of the Global Resource Management System (GRMS) for the period May to September 2012 and plans for the period October 2012 to May 2013.
2. Based on its review of the progress presented, the Committee:
  - congratulated the Secretariat on the successful go-live milestone achieved;
  - emphasized the importance of meeting the further programme target dates, in particular with respect to the IPSAS implementation deadlines;
  - welcomed the reinforced governance arrangements, particularly the inclusion of all five Regional Representatives on the programme board;
  - urged the Secretariat to address the risks identified by the Office of the Inspector General and ensure that the system was fully stabilised during the subsequent months; and
  - requested that the Secretariat provide additional information on post implementation arrangements and costs at its next session, particularly regarding the full implementation of IPSAS in 2014 and the plans to assess and monitor the realization of the GRMS benefits.
3. This document describes progress in the period since the last report and plans for the period February to June 2013 as well as responding to the additional information requested by the Committee at its previous session.

### Scope and Timeline

4. The scope of GRMS is unchanged since the project initiation phase in May 2011. GRMS was created by combining four initiatives into a single programme to improve coordination, share resources and minimise costs, and allowing the Organization to deploy a single, global system for administrative processes to all locations:
  - IPSAS project
  - Field Accounting System (FAS) replacement project
  - ATLAS (travel) replacement project
  - Oracle Release 12 upgrade project
5. The timelines for the deployment to decentralized offices and the commencement of IPSAS-compliant financial statements are unchanged since the last progress report to the Committee. The main milestones from the integrated plan are listed below. A more detailed implementation plan is included as Annex A.

| Activity  | Timeline                    |
|---|-----------------------------|
| System deployed to HQ and Regional Offices            | 6th November 2012           |
| System deployed to pilot offices                      | November 2012               |
| Deployment to first wave of Decentralized Offices     | Early March 2013            |
| Deployment to second wave of Decentralized Offices    | April 2013                  |
| Deployment to final wave of Decentralized Offices     | May 2013                    |
| First dry run of IPSAS-compliant Financial Statements | October 2013                |
| IPSAS-compliant inventory stock take                  | December 2013               |
| Produce first IPSAS-compliant Financial Statements    | 1st January 2014-March 2015 |

### **Progress in the period from November 2012 to January 2013**

6. Significant progress has been achieved during this period. Following the go live in HQ and Regional Offices on 6 November, the system has been deployed to seven Pilot Offices and the deployment to the first wave of 32 countries is scheduled to be completed by early March 2013. Key points of interest for the Finance Committee include:

#### IPSAS

- Data cleansing of transaction backlogs in the assets register was completed;
- Work advanced on the detailed financial statement templates which will be used for future IPSAS compliant financial statement preparation;
- Analysis work in support of opening balance preparation (Assets, Inventory and Leases) progressed.

#### Pilot Office Deployment

- GRMS was deployed to seven pilot offices, which included a mix of small, medium and large decentralized offices: Bangladesh, Benin, Bolivia, India, Lebanon, Nigeria and Turkey; and included the implementation of Electronic Funds Transfer functionalities in several of the offices;
- The deployment approach has been refined during this period to take into account the experiences from the pilots. In particular, the training for decentralized offices has been changed to have a much stronger emphasis on onsite, on-the-job training instead of classroom training.

#### First Deployment Wave

- Initial preparation activities have been completed for decentralized offices within the first deployment wave, including collection of the information needed to configure GRMS and set up end users for the new countries;
- The deployment teams arrived onsite in the countries during the last week of January 2013 and are coordinating the final preparation activities to allow the offices to cutover to GRMS and close the old Field Accounting System (FAS).

#### End User Support

- The end user support systems, processes and structures that were put in place for the initial go live in early November are now being used to provide support to end users in HQ, Regional and Pilot Offices.

### **Plan from February to June 2013**

7. The main programme activities during the next period will include the following:

#### IPSAS

- Remaining IPSAS compliance system deliverables (mainly reports, year-end processes and consolidation functionality) will be implemented;
- Financial statement templates will be finalized in preparation for the first dry run of the financial statements to be prepared using data as at 30 June 2013;
- Opening balances for lease agreements will be finalized;
- Ongoing work to review new Trust Fund contracts against revenue recognition criteria for IPSAS;
- As part of the consolidation process, activities will be completed to ensure that entities to be consolidated are able to produce IPSAS compliant information;
- Stock taking procedures to support the valuation of inventory opening balances will be completed in each of the Decentralized Offices as part of the deployment waves.

#### Stabilization and Additional Functionalities

- As with any new major and complex system implementation there are stabilization issues that continue to be addressed;
- Additional functionalities are currently under development, including improvements and new functionalities for the travel module. These are planned to be tested during February 2013 and released shortly afterwards.

#### Deployment

- Decentralized offices within the first deployment wave will be live on GRMS by early March 2013, replacing the legacy Field Accounting System (FAS) which will be closed by the end of February 2013;
- The decentralized offices within the second and third waves will be deployed during March, April and May 2013.

#### End User Support

- The support structure will continue to provide support to end users in HQ, regional offices and pilot offices although the amount of support required will gradually decrease as the use of the system stabilizes;
- From February onwards the support structure will progressively expand its coverage to include additional end users within decentralized offices. These users will mostly be new to the system and there will initially be a heavy load on the support structure.

### **Follow-up to the assessments of GRMS by the Office of the Inspector General (OIG)**

8. At the 147th Session in November, the Finance Committee urged the Secretariat to address the risks identified by the Office of the Inspector General and ensure that the system was fully stabilized during the subsequent months, in particular the new travel system.

9. The post go live system stabilization is progressing well. The Travel system, which is a new module, will take longer to fully stabilize. A number of smaller fixes and enhancements have already been introduced and workaround solutions have been identified where necessary. Some larger improvements and new functionalities will be progressively tested and released in 2013.

10. The OIG assessment also identified that the skills gap in some decentralized offices may be too large to successfully address it in the time available, which may imply the need for an extended post-implementation phase to ensure users receive adequate guidance until the situation becomes more stable. The experience of the pilot deployments has reconfirmed that this is still a risk despite mitigation actions taken so far including refining the deployment approach to give a greater emphasis to onsite, on-the-job training and support. The extent and impact of this risk will be better understood once the first deployment wave has been completed.

### **Post implementation arrangements and costs**

11. The plans and associated costs for the second half of 2013 and for 2014 onwards cannot be accurately estimated until the first deployment wave has been completed and the post-go live support needs of the first wave of decentralized offices are better understood. Details of the plans and costs will be provided at the next Session of the Finance Committee.

12. There will be a number of Quality Assurance activities with FAOR and Regional Representatives during the second half of 2013 to assess whether the expected benefits have been realised and any follow up actions required.

### **Programme Governance**

13. The Programme Executive Board has continued to meet regularly during the deployment phase. The Board is chaired by the Deputy Director-General (Operations) with senior managers representing each of the impacted areas, including all five of the Regional Representatives.

14. The Programme has also continued to provide quarterly updates on progress to the Director-General. A status update was provided to the Audit Committee in December 2012.

### **Programme Budget**

15. The programme budget is funded principally from the Capital Expenditure facility (CapEx). The total 2011-13 approved programme budget is USD 38.5 million. In 2011, USD 10.0 million of the approved programme budget was spent (USD 6.4 million under CapEx and USD 3.6 million under Functional Objectives X and Y). In 2012, USD 17.1 million<sup>1</sup> of the approved programme budget was spent (USD 13.9 million under CapEx and USD 3.2 million under IPA action 7.25).

16. The remaining balance of USD 11.4 million is expected to be expended in 2013 and is funded through the Capital Expenditure facility.

17. In addition to the above GRMS programme cost, expenditures of USD 7.9 million were incurred during the period 2007-2010 under the previous IPSAS project prior to its integration with the GRMS Programme.

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<sup>1</sup> Figures for 2012 are provisional and subject to year-end closure adjustments

