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WIPO General Assembly

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Geneva, October 1 to 9, 2012

INFORMATION TECHNOLOGY AUDIT ON THE PROJECT TO IMPLEMENT THE AIMS SYSTEM

Document prepared by the Secretariat

1.   The present document contains the External Auditor's Report: Information Technology Audit on the Project to implement the AIMS system (document WO/PBC/19/19), which is being submitted to the WIPO Program and Budget Committee (PBC) at its nineteenth session (September 10 to 14, 2012).

2.   The recommendation of the PBC in respect of this document will be included in the "Summary of Recommendations Made by the Program and Budget Committee at its Nineteenth Session held from September 10 to 14, 2012" (document A/50/14).

> *3.   The WIPO General Assembly is invited to approve the recommendation of the Program and Budget Committee made in respect of document WO/PBC/19/19, as recorded in document A/50/14.*

[Document WO/PBC/19/19 follows]

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WIPO
WORLD
INTELLECTUAL PROPERTY
ORGANIZATION

Program and Budget Committee

Nineteenth Session
Geneva, September 10 to 14, 2012

INFORMATION TECHNOLOGY AUDIT ON THE PROJECT TO IMPLEMENT THE AIMS SYSTEM

Document prepared by the Secretariat

1.   In accordance with Article 11(10) of the Convention Establishing the World Intellectual Property Organization (WIPO), the designated External Auditors, the Swiss Federal Audit Office, have established for the year 2011 an "Information Technology Audit on the project to implement the AIMS system".

2.   The observations from the Secretariat in respect of the Recommendations made by the External Auditors are set out below, in the order in which they appear in the Audit Report.

Recommendation 1

3.   *"It is vital that users of the AIMS system should be properly trained if WIPO is to benefit fully from the gains in terms of efficiency produced by this new IT application. I therefore recommend that WIPO should review the existing approach to training, under which the objectives set have not been achieved, and examine to what extent current online training solutions can be improved".*

4.   Observations by the Secretariat: WIPO is developing a new ERP-wide training approach. The intention of this training approach is to be sustainable and business process oriented, whilst utilizing the most appropriate training method(s). This training approach will be adopted as part of the roll-out of the AIMS PeopleSoft version upgrade project.

Recommendation 2

5.   *"In my view, it would be more efficient to reduce the number of users to an appropriate threshold, grouping requisitions together under a limited number of individuals who have been duly trained and are familiar with the entire process".*

6.   Observations by the Secretariat: AIMS users, and in particular users who enter requisitions, are regularly reviewed to ensure that we end up with a core user group which can be sustained.   This approach is being adopted as part of the AIMS PeopleSoft version upgrade where we expect the number of users who enter requisitions, and who need training, to be reduced.

Recommendation 3

7.   *"I recommend that WIPO should simplify these catalogues while observing the processes already established and facilitating the needs of the various users".*

8.   Observations by the Secretariat: The creation of the Catalogs, Categories and Items was initiated during the design phase of the FRR-IPSAS project and included requesters from all major business areas. WIPO intends to undertake a review in Q4 2012, with all parties concerned, of the structure and content of the Catalogs/Categories and Items.

9.   *The Program and Budget Committee is invited to recommend to the General Assembly to take note of the contents of this document.*

[Annex follows]

CONTRÔLE FÉDÉRAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
SWISS FEDERAL AUDIT OFFICE

Auditor's Report

WORLD INTELLECTUAL PROPERTY ORGANIZATION (OMPI-WIPO)

Information technology audit on the project to implement the AIMS system

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AUDIT SUMMARY

In my report of July 4, 2011, on the audit of WIPO's 2010 financial statements, I certified that the Organization's accounts were in line with the International Public Sector Accounting Standards (IPSAS). Accurate parameterization and the effective up-dating of the information technology (IT) systems used in the management of finances and accounting activities are essential elements in terms of a successful transition to IPSAS.

The present report is the result of a specific information technology audit carried out within the framework of the development of WIPO's IT platforms, in particular the introduction of three additional modules into WIPO's information technology accounting system. The project involving migration to this system was launched in the spring of 2009, with go-live taking place on January 15, 2010.

The project was well managed thanks to the support provided by the various internal and external actors, in particular an experienced Project Lead and an IPSAS specialist. The solution implemented makes compliance with and application of the accounting rules defined by IPSAS and the new WIPO Financial Regulations and Rules possible. The project was thus carried out over a relatively short period of time, but despite this, the audit showed that the work was completed within the deadlines set and on budget. My colleagues noted the existence of a standardized management method that complies with "best practices" in terms of project management, in particular with regard to information technology projects.

The report also notes shortcomings regarding administrative processes relating to the management of assets and equipment. However, these points are similar to those that I raised in my audit report on the 2010 financial statements regarding the internal control system and I will not therefore be making a formal recommendation in this regard. Finally, I have made three recommendations of an operational nature which should allow WIPO to carry out additional work with the aim of ensuring the optimal functioning of these new modules and processes. These recommendations focus in particular on training and the number of users, as well as the optimization of goods and service procurement catalogues.

REGULATIONS, STANDARDS AND INFORMATION

Financial Regulations and subject of audit

1. Financial statements are governed by the relevant provisions of the various Conventions, as well as by those of WIPO's Financial Regulations and Rules[1], in line with the International Public Sector Accounting Standards (IPSAS).

2. With the transition in 2010 to IPSAS, WIPO found it necessary to supplement the existing IT tool with the "Asset Management" module contained in the PeopleSoft AIMS[2] system. At the same time, with the entry into force of the new Financial Regulations, WIPO wished to automate its procurement processes. A project entitled the "FRR-IPSAS Project" was launched with the aim of making new solutions available.

3. The aim of this specific information technology audit, also sometimes known as a "post implementation review", was to review the implementation of the FRR-IPSAS Project and to examine the completeness and exhaustive nature of the data migrated or entered into the AIMS system.

4. This audit did not cover the review of business processes and the configuration of the system. However, my colleagues chose to include a number of important points in this report that they had noted from time to time during their work.

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[1] Entry into force January 1, 2008; amended on October 1, 2009 and January 1, 2010
[2] "Administrative Integrated Management System (AIMS)"

Audit standards, information and acknowledgements

5. Checks were carried out in accordance with the International Standards on Auditing (ISA) published by IAASB (ISA – 2010 Edition)[3], as well as in line with the additional terms of reference included in the WIPO Financial Regulations and Rules.

6. The issues of minor importance which were clarified and discussed with those responsible during the audit are not included in this report.

7. During the course of the audit, my colleagues met with Mr. Johan Maurissen, Head of the Business Solutions Management Service, Ms. Janice Cook Robbins, Head of Finance Services, Mr. Colin Buffam, Head of the Procurement and Travel Division and several other members of these services. My colleagues also met with Mr. Robert Lawton, Project Lead for the FRR-IPSAS project and the external consultant responsible for the implementation of IPSAS at WIPO.

8. I would like to highlight the close cooperation and spirit of openness that prevailed during the performance of this audit. Furthermore, I wish to thank all those WIPO staff members who went out of their way to provide the information and documents requested.

9. The result of the audit was made known during the final discussion on February 24, 2012. The following individuals were present at that meeting: Mr. Wei Lei, Chief Information Officer, Mr. Philippe Favatier, Chief Financial Officer (Controller), Ms. Janice Cook Robbins, Head of Finance Services, Mr. Tuncay Efendioglu, Head of the Internal Audit Section, Mr. Johan Maurissen, Head of the Business Solutions Management Service, Mr. Robert Lawton, Project Lead of the FRR-IPSAS project and Ms. Bérénice Bessière, Director of the Procurement and Travel Division.

10. The audit was carried out by two qualified information technology auditors from the Swiss Federal Audit Office during the period from November 14 to December 2, 2011

11. My colleagues received a large amount of online documentation which allowed them to form a clear picture of progress in terms of the implementation of the new AIMS modules and the results of that exercise. They also performed checks involving additional clarifications obtained through meetings, the examination of compliance, as well as a presentation on the tools and procedures employed within the framework of information management as part of the AIMS system.

PROGRESS IN TERMS OF THE PROJECT

Good preparatory work for the assessment of new accounting needs

12. In December 2008, the WIPO Program and Budget Committee approved a project for the implementation of modules designed to introduce accounting practices that complied with the application of the new Financial Regulations and IPSAS. A budget of CHF 4.2 million was authorized by the Committee to that effect.

13. The FRR-IPSAS project involves two partial projects. In order to ensure compliance with the new IPSAS, WIPO decided to replace the old application with a solution integrated into the AIMS system. At the same time, the Organization adapted its Financial Regulations. With a view to facilitating compliance with these new rules, WIPO replaced the old procurement solutions with two solutions integrated into the AIMS system: the "eProcurement' module for requisitioners and the "Purchase" module for buyers.

14. The AIMS system is updated and improved on a regular basis. In fact, work on the next upgrade, planned for the beginning of 2012, is already underway. The AIMS system was implemented in 2005 as an accounting software program which included the PeopleSoft

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[3] "International Standards on Auditing (ISA)", 2010 Edition, published by the International Auditing and Assurance Standards Board (IAASB).

modules general ledger, creditors and debtors. Subsequent work to develop the AIMS system forms part of WIPO's strategy to obtain an integrated management software package[4] in order to ensure transparency, responsibility, effectiveness, efficiency and a client-oriented approach. The proposal in this regard was approved by the Program and Budget Committee in September 2010.

15.   A functional analysis of needs and requirements was carried out with the various organizational units concerned through a Cross Functional Board. This study was performed in cooperation with Cedar, an external firm which has worked with WIPO ever since the Organization began using the AIMS system. More precisely, the work focused on those points that deviate from the standard put forward by PeopleSoft. The results of this work were included in a list of disparities before being reviewed and placed in order of priority. Only those points considered to be "high priority" and for which no other operational approach was possible were retained and then developed. The level of detail and the professional nature of this list of disparities meant that it had a major impact on the selection of appropriate parameters that made it possible to meet WIPO's needs.

Good project management practices were observed during the course of the project

16.   The implementation of the FRR-IPSAS project and the introduction of the PeopleSoft modules "Asset Management", "eProcurement" and "Purchase" were carried out within the framework of the planned global budget and within the agreed deadlines for go-live in 2010. The changes pending were addressed in a second phase during 2010, as well as in 2011, using the remaining budgetary resources. To my knowledge, this was the first horizontal information technology project to include participants from different divisions.

17.   Work to implement the new modules was carried out from March 2009 to the end of January 2010. As planned, go-live took place on January 15, 2010, thus enabling WIPO to close the 2010 accounts on the new system. The project was therefore carried out over a relatively short period of time.

18.   The various stages of the project have been well documented and made accessible to those involved. Staff members were informed of developments regarding the project via the Intranet. The "PRINCE 2" professional management method was used to carry out and document the project. From an administrative point of view, the Project Lead was backed up by a full-time secretariat. From the point of view of the users, the Project Lead and the PeopleSoft and IPSAS consultants managed the work in a professional fashion.

19.   The Project Initiation Document contains descriptions of the general framework defining the project, the objectives to be met, the constraints, definitions and restrictions to be respected, the organization of the project, the implementation of changes, the level of quality to be delivered, the monitoring procedure, reporting to the Project Board, as well as the budget.

20.   The way in which the project was organized was clearly defined, involving the Project Board and the Project Team, which was made up of the Project Lead, consultants, the manager responsible for the AIMS system and specialized business groups throughout all the WIPO units concerned. A document was drawn up setting the criteria to be respected in terms of quality during the FRR-IPSAS project, although responsibility for quality assurance was not assigned to any specific individual. Harmonization of the processes between the various functions for a business process was regulated by the Cross Functional Team which also took on the job of quality assurance. The communication model defined the responsibilities of the actors and decision-makers for each activity included in the project.

21.   At every stage of the project - initialization, design, execution - a statement was prepared containing the results achieved in terms of planning, costs and the level of quality attained.

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[4] Commonly known as an Enterprise Resource Planning (ERP) system.

In cases where disparities existed in relation to inaccurate assumptions, the situation was analyzed and corrective actions planned on a thematic basis.

22. The consultants reported on a weekly basis on developments in terms of the work carried out and the activities planned. These reports were contained in a specific document. Prior to the meetings of the Project Board, the Project Lead regularly prepared a report on developments and trends concerning the project, using a code of the type based on the colors green, orange and red. The same system was employed concerning the intermediary stages reached and future stages, as well as the risks involved.

23. Management monitoring and control were carried out on a monthly basis by the relevant managers on the basis of a presentation regarding the progress made in terms of the work previously assigned. This meeting involved the discussion of the work carried out, the approval of future work and the choices made by the Cross Functional Board, decision-making and items under discussion and those to be discussed. Minutes were taken at those meetings and were corrected or supplemented by the participants prior to the next meeting.

24. The risks affecting the project were systematically recorded and updated in a risk-management list. The measures and actions taken to reduce negative impacts on the project are set out in this list, along with the specifically allocated responsibilities.

Effective change management during the course of the project

25. Change management is vital to the success of major projects, whether it be in order to ensure the coordination of efforts or to guarantee an appropriate and constant level of quality between the various teams involved. Such management also makes it possible to anticipate certain problems before they actually arise through appropriate assessment and communication of the impact of the project on the Organization's various business processes.

26. My colleagues have noted that a formalized change management procedure was established for the implementation of the new PeopleSoft modules. A change request list was drawn up for the changes and adaptations called for by the users. These requests were assessed and submitted for approval by the Project Board. Responsibility in terms of specialized transactions is defined in the transaction model. The changes approved were recorded in the Request Management System (RMS) and then submitted to the United Nations International Computing Centre (UNICC) for go-live.

27. Throughout the project, points requiring corrective action were implemented prior to go-live. During the post-implementation phase it became clear that there was a need to take into account a number of corrections and the widespread desire for improvement. Work carried out to this end as a part of the second phase, initiated in 2010, was still ongoing at the time of the audit.

PARAMETERIZATION FOR IPSAS

Thorough knowledge of IPSAS

28. My colleagues noted that there have been few changes with regard to the specifications or parameterization in terms of IPSAS during the project. Those changes were first approved by the Cross Functional Board and then by the Project Board. It should be noted that in 2011 it was decided, with the agreement of the External Auditor, that the activation threshold for equipment should be raised from CHF 1,000 to CHF 5,000.

29. Once an IT system that complied with IPSAS had been implemented as a part of the project, WIPO was able to integrate property, plant and equipment into its accounting system, along with parameters that made it possible to carry out procedures to recoup expenditure that were formerly managed separately.

30. The Project Lead and the key users took part in special training courses on IPSAS, including courses offered by the University of Geneva. Furthermore, an external consultant specializing in IPSAS was brought in to support the Project Lead and the WIPO team. He was recruited for his technical knowledge and experience in the implementation of IPSAS in other United Nations specialized agencies. An IPSAS expert was recruited on a full-time basis as of January 2012.

31. The external dependency Cedar has a thorough working knowledge of accounting and IPSAS. Cedar's familiarity with such issues was an asset with regard to the implementation of the new modules at WIPO.

CONTROL POINTS AND DATA MIGRATION

Planned and controlled data migration

32. My auditors audited the planning, specifications, implementation of the parameterization of the software program by Cedar, the preparation of the data to be migrated or re-entered, as well as tests on systems and users of the migrated data.

33. Data planning, specifications and preparation were handled professionally by the FRR-IPSAS Project Team and by the external consultant, both from a technical and a functional point of view. The system tests performed by the consultants were duly documented in line with the control plan. However, the user tests were only partially performed and documented.

34. This lack of control was made up for by thorough checks carried out by Finance Services and the IPSAS consultant. My colleagues audited the data for the first financial year under the IPSAS system in 2010 and found them to be in compliance. Prior to the migration of the data, the inventory was updated by those responsible for the management of assets and verified by the external consultant. Any decision involving the removal of an article from the inventory had to be ratified by the Property Survey Board. Following their migration, the data were checked and reconciled by Finance Services.

35. However, the annual executive report on the inventory continues to be produced using the old inventory software program which is updated by the AIMS Asset Management module (semi-automatic "back-feeding" interface).

36. Working on the basis of previously defined criteria, the Cross Functional Board has carried out regular reviews of the quality of the parameterization and the adaptation of the software program to users' needs on the basis of the required processes. The tests on the software programs that were parameterized and adapted to needs were planned within the framework of a user-acceptance test. One possible outcome of these tests was the introduction of the necessary corrections, defined, decided on and prioritized on the basis of a specific meeting.

37. All the reports relating to IPSAS were ratified by the Head of Financial Services and the external consultant, with the reports on the field of procurements being ratified by the Procurements and Travel Division. Instances of feedback, transmitted in the form of emails, were entered into the RMS IT system as requests. Once approved, these requests passed on to the go-live stage.

38. As to go-live itself, WIPO used a specific check list. The new and old systems were not used in parallel in the case of procurement given that previously there was no IT system in place for those transactions.

GO-LIVE AND "POST-IMPLEMENTATION" PHASE

Suitable software and professional support

39.   According to the information obtained, cooperation with the external dependency Cedar was very good throughout the FRR-IPSAS Project and the official hand-over took place without any problems and within the deadlines set.

40.   During the interview process, the users stated that they were satisfied with the new system from the point of view of the functionalities it offers. From a purely technical point of view, the functioning, availability and performance of the AIMS system are good.

41.   There are three levels of support for the AIMS IT system. The first level consists of the AIMS helpdesk, a service provided by two individuals responsible for responding to requests for assistance from users. Users address their requests directly to the helpdesk, either by telephone or by email. The second level is provided by the AIMS team, which is made up of three members. The external firm that implemented the solution provides the third level of support.

Gaps in users' knowledge

42.   In total WIPO has organized 45 training courses on procurement and fixed assets, involving 200 participants. The aim of the courses was to explain how to use the new modules and, in part, to take into account user needs. The audit revealed that this approach did not go into enough depth and that the users required training of a more focused nature. The program managers and their deputies did not receive training, in view of the fact that the administrative assistants who had attended the courses were responsible for passing on the knowledge they had acquired.

43.   Of the 150 individuals who received training on the new AIMS modules, around 30 took advantage of the voluntary separation program to leave their posts in the three or four months that followed the implementation of the modules. This situation has had a negative impact on knowledge transfer and the quality of user tests.

44.   My colleagues noted that, owing to the large number of partially or under-trained users and infrequent users of the procurement system, AIMS support is overloaded in the early stages of the process. Downstream of this process, this overloading manifests itself in the form of a very large number of errors which must be corrected, thus extending the time required for the processing of transactions. These errors, which involve goods, services and special service agreements, affect not only the Procurement and Travel Division and the Human Resources Management Department but also Finance Services.

45.   Moreover, my colleagues noted that AIMS training documents, regulations, transaction grids for the units concerned, graphic descriptions of processes, frequently-asked questions and tables (units, activities) can be found on the WIPO Intranet. These elements, which were implemented by the key users, were designed to document the business processes in order to implement a user manual involving an on-line tutorial for end-users.

46.   However, my colleagues have noted that a large number of users are unaware of the existence of many of these documents, or even of the abovementioned tool. Moreover, this information is not grouped together in one place.

Recommendation No. 1

It is vital that users of the AIMS system should be properly trained if WIPO is to benefit fully from the gains in terms of efficiency produced by this new IT application. I therefore recommend that WIPO should review the existing approach to training, under which the objectives set have not been achieved, and examine to what extent current online training solutions can be improved.

The number of application users is too high

47.   In line with WIPO's wish to decentralize procurement requisitions at the program level, such requisitions are now prepared directly at the operational unit level.   Consequently, the number of users has risen from around 60 to nearly 400 in total.   Some of these users attended a training course at the time of the introduction of the procurement modules.   However, statistics on use show that 30 per cent of operations generate 90 per cent of requisitions.   Most users make requisitions in too sporadic a manner, giving rise to a large number of input errors and overloading the AIMS support group.

48.   My colleagues noted that several users do not observe the procedures and regulations in place, making entries after the event when procurements have already been invoiced by the suppliers.   These cases lead to corrections being made and render the duration of the overall process more lengthy, as well as creating an excessive workload for Finance Services.

Recommendation No. 2

In my view, it would be more efficient to reduce the number of users to an appropriate threshold, grouping requisitions together under a limited number of individuals who have been duly trained and are familiar with the entire process.

The new procedures and Regulations are not fully observed

49.   Following this process of decentralization, program and budget managers are now responsible for the data.   Henceforth, it is vital that data entry should be performed in a correct and uniform manner at this level by well-trained operatives.

50.   Thanks to a work session "Return on Experience Implementation: Process Ownership", held in September 2011, the main issues were identified and presented to those concerned within Finance Services and the Procurement and Travel Division.   The WIPO management was made aware of the existence of these issues which take the form of shortcomings noted at various levels within the Organization, in particular the lack of responsibility in terms of horizontal processes involving several functions.   Furthermore, these shortcomings are noted on a daily basis by AIMS support, the Procurement and Travel Division and Finance Services. The improvements proposed during this work session have not yet been implemented.

51.   The inventory is updated at various levels of the Organization: descriptions of procurements (catalogues), receipt of goods and services, the compilation of inventories using bar codes and accounting in terms of assets which have been capitalized and written down.   Not all participants are aware of these roles and the responsibilities arising from them.   Articles which have not been physically traced back or, at the same time, removed from the list of existing articles have, in the past, given rise to the over-valuation of the inventory, and therefore to an increase in insurance premiums.

52.   My colleagues noted that the application of administrative procedures within the framework of asset management has not been observed.   For example, material was codified and exchanged within the framework of a guarantee without the service which carried out the procurement or Finance Services being systematically notified.   My colleagues noted that draft "Rules and Administrative Procedures" have been drawn up and should be implemented at the end of 2011 or at the beginning of 2012.

53.   The above points are similar to those I made in my report "Audit of 2010 Financial Statements[5]" in which I note that WIPO has not yet established a true internal control system (ICS).   In said report I recommend the Organization to define in formal terms the key processes, to introduce and document the audits carried out and, in time, to establish a monitoring mechanism for the audits conducted.

54.   In the light of this audit, I shall not formally reiterate that recommendation.   However, by way of an extension to my recommendation, I suggest that WIPO should appoint individuals

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[5] Report No. 11355 of July 4, 2011.

who would have official responsibility in terms of horizontal processes and who would monitor the strict application of the processes approved by the management. There should be a qualified individual responsible for each horizontal process and all users should be fully aware of their role within such processes.

The catalogues are overly complicated

55. My colleagues noted that the catalogues of goods and services used to establish procurement requisitions drawn up by the Procurement and Travel Division currently correspond neither to the needs of the users, nor to those of Finance Services. There are too many catalogues and they are overly lengthy, as well as being incoherent and inconsistent from an accounting perspective. Moreover, the various actors involved in the procurement process (goods and services, travel and Special Service Agreements) and the horizontal procurement, travel, human resources and finance services did not cooperate in the development of the catalogues at the time of their creation.

Recommendation No. 3

I recommend that WIPO should simplify these catalogues while observing the processes already established and facilitating the needs of the various users.

CONCLUSION

56. In the light of the work carried out, in my opinion, the project entitled "FRR-IPSAS Project" has been well managed. The solution implemented takes into account all the technical and functional characteristics that enable WIPO to observe the new rules and procedures. However, improvements could still be made in terms of the number and training of users supported by a specifically designed user manual. The success of future measures will also depend on the application and observance of the procedures and regulations in force, as well as the availability of updated goods and services catalogues.

K. Grüter
Director of the Swiss Federal Audit Office
(Auditor)

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