

Program and Budget Committee

Fifteenth Session

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PROGRESS REPORT ON THE IMPLEMENTATION OF IT MODULES TO ESTABLISH COMPLIANCE WITH THE NEW FINANCIAL REGULATIONS AND RULES (FRR) AND INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

prepared by the Secretariat

1. At the forty-third session of the Assemblies (September 24 to October 3, 2007), the Member States agreed in principle to the adoption by the World Intellectual Property Organization (WIPO) of the International Public Sector Accounting Standards (IPSAS) by 2010 (see A/43/5 and A/43/16, paragraph 255). This agreement formed part of a United Nations system-wide initiative endorsed by the General Assembly (see A/RES/60/283 (IV) 1) to replace the existing United Nations System Accounting Standards (UNSAS) with IPSAS, which are internationally recognized. The benefits of the change included improved internal controls and transparency, more comprehensive information about costs and income and improved consistency of financial statements over time and across different organizations.
2. At the thirteenth session of the Program and Budget Committee (PBC) in December 2008, the Secretariat presented its *Proposal for the Implementation of IT Modules to Establish Compliance with the New Financial Regulations and Rules and IPSAS: Procurement, Asset Management and other System Requirements for IPSAS Compliance* (see WO/PBC/13/6(d)). The proposal included information on the status of IPSAS implementation, indicating that, at that time, the project was behind schedule and that efforts would continue in order to prepare for IPSAS implementation in 2010 (see WO/PBC/14/6). A budget contained within the proposal detailed the resources required to meet the goals of both IPSAS compliance and the implementation of the Financial Regulations and Rules (FRR). The PBC recommended approval of the proposal to the

Assemblies along with an appropriation of 4,200,000 Swiss francs. The recommendation was approved by the forty-sixth session of the Assemblies in December 2008 (see A/46/12, paragraph 47).

3. At the fourteenth session of the PBC in September 2009, the Secretariat presented a *Progress Report on the Implementation of IT Modules to Establish Compliance with the New Financial Regulations and Rules and IPSAS* (see WO/PBC/14/6), providing information on the status of the project and the costs incurred to date. The PBC took note of the report and its recommendation was approved at the forty-seventh session of the Assemblies in September 2009 (see A/47/9 and A/47/16, paragraph 300). A detailed report on the progress made since the last report concerning the implementation of the proposal (known as the "FRR-IPSAS project") follows.

I. FRR-IPSAS PROJECT

4. WIPO operates a PeopleSoft Finance and Budget system (AIMS). With the introduction of the new FRR and the desire to comply with IPSAS the proposal presented to the Program and Budget Committee (see WO/PBC/13/6(d)) included the introduction of additional PeopleSoft modules and the modification of existing solutions to enable compliance with FRR and IPSAS at the start of the 2010-2011 biennium.
5. As part of the FRR-IPSAS project WIPO aimed to achieve the following benefits:
 - Compliance with IPSAS through enhanced functionality;
 - Implementation of FRR based on an electronic automated solution;
 - Introduction of best practice procurement based on a more effective and simplified means of requisitioning and purchasing;
 - Integration between procurement and financials;
 - Improved budget monitoring and control; and
 - Initiate staff development through the introduction of best practices based on an Enterprise Resource Planning (ERP) solution.

The above benefits have now been, and will continue to be, achieved through the ongoing enhancement of the solution.

6. Project go-live happened on January 15, 2010 (on time, within budget and without major difficulties). Post go-live support and stabilization has been in operation since the go-live and the solution is now stable. As part of the post go-live support and maintenance a series of reviews have been held with users. This has identified a number of enhancement opportunities that will now be developed and delivered as a Phase II project in 2010. Phase II enhancements, which includes improving the SSA, UNDP and non-staff travel processes, will be funded from the balance of the FRR-IPSAS project budget, as explained in note 2 of point 9 below.
7. Throughout the FRR-IPSAS project a lessons learned log was maintained to capture any points that would benefit future phases of the project. Some of the key lessons learned through the project include:
 - Ensure communications are cascaded throughout the organization;
 - Make training as specific to real life as possible, rather than generic training, with shorter more directed courses;
 - Perform regular change management readiness checks throughout the project; and
 - Provide up-front training to project team members on the approach and methodology being applied.

8. The FRR-IPSAS Project lessons learned will feed into and be considered by any future ERP related projects, in particular, the proposal *Implementation of a Comprehensive Integrated Enterprise Resource Planning System* (see WO/PBC/15/17) being presented to the fifteenth session of the Program and Budget Committee.
9. Following is a summary of the balance of funds remaining in the project funding:

FRR-IPSAS Project Cost Tracking as at April 30, 2010
(in Swiss francs)

Cost Element	Project Budget	Actual to Date (Note 1)	Current Balance (Note 2)
Application Hosting	0	0	0
Software Acquisition	280,879	267,450	13,429
Project Personnel	888,000	495,000	393,000
User back-filling resources	606,000	353,926	252,074
External Implementation Partner (Note 3)	2,036,100	1,979,842	56,258
Training	190,000	42,896	147,104
Communications and other	50,000	9,582	40,418
Scope Contingency (Note 4)	150,000	0	150,000
Total	4,200,979	3,148,696	1,052,283

Note 1: Actual to Date includes expenditures in AIMS for 2009 and 2010.

Note 2: Current Balance is budget less actual. The costs to introduce Phase II enhancements during 2010 will be funded from the balance, estimated to cost 140,000 Swiss francs.

Note 3: External Implementing Partner actual includes 176,000 Swiss francs for level 1 support up to the end of 2010 (not originally budgeted).

Note 4: Scope Contingency will be used to pay 82,000 Swiss francs relating to costs for IPSAS actuarial assessments (not originally part of the project budget).

10. As noted in the above table, the project will be completed within the original budget. At the end of the two phases of the project any unspent balance will be returned to the reserves once the project has been audited.
11. In addition to the funding from the reserve funds decided upon by the Assemblies, a total of 339,468 Swiss francs was expended from the regular budget during the period November 2007 to June 2010. This amount covered the cost of the consultant assisting with the development of IPSAS policies and procedures, the implementation of various modifications in AIMS required to provide the specialized reporting mandated by IPSAS,

consulting services related to the valuation of the Madrid investment property and WIPO owned land, a physical verification of WIPO equipment by an external company and the cost of four days of training by an IPSAS expert from PricewaterhouseCoopers.

II. FRR IMPLEMENTATION PROGRESS

12. As noted earlier the FRR-IPSAS project went live on January 15, 2010. As part of the go-live an electronic automated solution for the FRR was introduced and WIPO achieved the following benefits:
 - A. Strengthening of the Regulatory Framework and Finance Management
 - The establishment of re-engineered and automated processes
 - The establishment of a basis for more coherent internal control and accountability framework based on user roles, automated approval procedures and workflow
 - Improved budget monitoring and control
 - B. Staff Development
 - Preparation for the implementation of the full ERP through staff training and education with users adopting best practice, working cross functionally and understanding the importance of data quality across the Organization.

III. IPSAS IMPLEMENTATION PROGRESS AND 2010 WORK PLAN

13. The project related to the issuance of financial statements meeting the requirements of IPSAS is on schedule, with full implementation planned for the annual financial statements to be issued for 2010. A review of the IPSAS financial policies and procedures by the External Auditor has been completed and a Final Discussion Note received. The issues raised by the External Auditor will be incorporated into the IPSAS implementation plan.
14. 2008-2009 Financial Management Report (FMR): As a part of the IPSAS implementation, the format of the 2008-2009 Financial Management Report has been modified to include additional statements showing, for the first time, a consolidated balance sheet, income and expenditure statement, statement of net equity and cash flow statement. In addition, the notes to the financial statements have been expanded to include many of the disclosures that will be required by IPSAS. The statements included in the FMR represent an initial step in the direction of providing additional information and increased transparency.
15. Audit of 2008-2009 closing balances after IPSAS adjustments: Finance Services is currently preparing all of the adjustments required to convert the assets, liability and net equity of WIPO to those required for a full accrual based, IPSAS compliant Statement of Financial Position. Once this has been completed, the revised Statement of Financial Position will be reviewed by the External Auditor and the adjustments to the closing balances recorded on the 2008-2009 balance sheet will be finalized. This process of adjustment is expected to be finished and the External Auditor's review to be completed in the fourth quarter of 2010.
16. In addition, a complete set of notes to the financial statements complying with the disclosure requirements of IPSAS will be prepared for review and comment by the External Auditor who will also review the IPSAS policy manual during their audit.

17. Monitoring of IPSAS related revenue and expense transactions will take place during 2010 on an ongoing basis and transactions will be recorded in the IPSAS adjustment ledger as required. This will simplify the transition from the FMR style statement of income and expenditure to the IPSAS compliant Statement of Financial Performance at the end of 2010.
18. Final preparation of WIPO's first IPSAS compliant financial statements based upon actual revenue and expense for 2010 and the position of assets, liabilities and net assets as at December 31, 2010 is planned for the first quarter of 2011 with a completion date at March 31, 2011 as provided by the FRR.
19. The Secretariat has presented to the External Auditor a detailed analysis of the adjustments required to the closing balances of assets, liabilities, reserves and accumulated surplus that will be required to reopen the Organization's balance sheet as a Statement of Financial Position conforming to IPSAS. The External Auditor will be reviewing the accounting information provided and will report before the end of the year on his findings. The Secretariat will make the final adjustments recommended by the auditors in order to ensure that WIPO is fully IPSAS-compliant for 2010.

20. The Program and Budget Committee is invited to recommend to the Assemblies of the Member States of WIPO to take note of the contents of the present document.

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