

## Program and Budget Committee

### Eighteenth Session Geneva, September 12 to 16, 2011

#### 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 from September 24 to October 3, 2007, the Member States agreed in principle to the adoption by the World Intellectual Property Organization (WIPO) of International Public Sector Accounting Standards (IPSAS) by 2010 (document A/43/5). This agreement formed part of a United Nations system-wide initiative endorsed by the General Assembly (document 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" (document WO/PBC/13/6(d)). The proposal included information on the status of IPSAS implementation, indicating that the project was at that time behind schedule and that efforts would continue in order to prepare for IPSAS implementation in 2010 (document 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 and the recommendations were approved at the forty-sixth session of the Assemblies in December 2008 (document A/46/6(d)).

3. At both the fourteenth and fifteenth sessions of the PBC in September 2009 and September 2010 respectively, the Secretariat presented a “Progress Report on the Implementation of IT Modules to Establish Compliance with the new Financial Regulations and Rules and IPSAS”, providing information on the status of the project and the costs incurred to date. The PBC took note of both reports and its recommendations were approved at the forty-seventh and forty-eighth sessions of the Assemblies in, respectively, September 2009 (document A/47/9) and September 2010 (document A/48/15). A detailed report of 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 PBC (document 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 2010-11 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;
- Initiate staff development through the introduction of best practices based on an ERP solution.

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

6. Project go-live happened on January 15, 2010, (on-time, within budget and with no major problems). Post go-live support and stabilization has been in operation since January 15, 2010 and the solution is now stable. As part of the post go-live support and maintenance a series of reviews were held with users which identified a number of enhancement opportunities. These enhancements were developed and delivered as a Phase II project in 2010 and 2011 (financed from the FRR-IPSAS project budget).

7. A number of enhancements requested will be delivered through standard functionality when AIMS is upgraded to PeopleSoft v9.1 and PeopleTools 8.51.

8. Throughout the FRR-IPSAS project a lessons learned log was maintained to capture any points that would benefit future projects. Additionally, towards the end of the Phase II project, externally facilitated Return on Experience workshops were conducted to help WIPO continually improve the solution. Some of the key lessons learned 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;
- Provide up-front training to project team members on the approach and methodology being applied.

The FRR-IPSAS Project lessons learned will feed into future ERP related projects undertaken by WIPO, in particular the “Implementation of a Comprehensive Integrated Enterprise Resource Planning System” (document WO/PBC/15/17(e)) which was approved at the fifteenth session of the PBC.

9. In preparation for the “Implementation of a Comprehensive Integrated Enterprise Resource Planning System” (document WO/PBC/15/17(e)) AIMS must be upgraded as it is currently running on an old, soon to be unsupported, version of PeopleSoft. As noted earlier the upgrade will deliver some of the enhancements the FRR-IPSAS identified during the project. Therefore, the FRR-IPSAS project budget will be used to finance the PeopleTools upgrade and to partly finance the PeopleSoft upgrade.

10. There follows a summary of the balance of funds remaining in the project funding:

**FRR-IPSAS Project Cost Tracking**  
*(in Swiss francs, as at 31/05/2011)*

<b>Cost Element</b>	<b>Project Budget</b>	<b>Actual to Date (Note 1)</b>	<b>Current Balance (Note 2)</b>
Application Hosting	0	0	0
Software Acquisition	280,879	267,450	13,429
Project Personnel	888,000	734,000	154,000
User back-filling resources	606,000	595,711	10,289
External Implementation Partner (Note 3)	2,036,100	2,037,071	(971)
Training	190,000	42,896	147,104
Communications and other	50,000	10,655	39,345
Scope Contingency (Note 4)	150,000	47,900	102,100
<b>Total</b>	<b>4,200,979</b>	<b>3,735,683</b>	<b>465,296</b>

Note 1 – Actual to Date includes expenditures in AIMS for 2009, 2010 and 2011

Note 2 – Current Balance is budget less actual. Further costs to be charged to the project are as shown below:

<b>Remaining expenditure as at July 5, 2011</b>	<b>Swiss francs</b>
Introduction of remaining Phase II enhancements	45,000
Upgrade to PeopleTools 8.51	104,000
Additional costs to upgrade PeopleSoft to v9.1 (owing to the introduction of Procurement and Asset Management as part of the FRR-IPSAS project)	120,000
Project Personnel – ongoing project support	40,000
Expert studies undertaken in early 2011 to ensure IPSAS compliance	50,000
Further actuarial and valuation studies to ensure IPSAS compliance in 2011	48,000
<b>Total</b>	<b>407,000</b>

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

Note 4 – Scope Contingency actual includes 47,900 Swiss francs relating to costs for IPSAS actuarial assessments and valuation studies (not originally part of the project budget).

11. In addition to the funding from the reserve fund decided upon by the Assemblies, a total of 339,468 Swiss francs was expended from the approved program and 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 a procurement module 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**

13. As mentioned above, the FRR-IPSAS project included the implementation of an Asset Management module. This has enabled the Organization to account for property and equipment in accordance with IPSAS. The module not only stores details of property and equipment purchased but also handles accounting for disposals and impairments, together with the calculation and posting of depreciation.

Various reports required for IPSAS compliance were also developed as part of the project.

14. The project will close on September 30, 2011 and, as shown in the tables above, it will close within its original budget. At the end of the project any unspent balance will be returned to the reserves once the project has been audited.

*15. 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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