General Assembly

Seventieth session
Agenda item 134
Proposed programme budget for the biennium 2016-2017

Seventh progress report on the enterprise resource planning project

Twentieth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2016-2017

I. Introduction

1.   The Advisory Committee on Administrative and Budgetary Questions has considered the seventh progress report of the Secretary-General on the enterprise resource planning project (A/70/369 and Corr.1 and 2) submitted pursuant to General Assembly resolution 64/243, in which the Assembly requested the Secretary-General to continue to ensure that the Assembly was kept informed, on an annual basis, of the progress regarding the enterprise resource planning project (Umoja). The Committee also had before it the fourth annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system (see A/70/158), submitted pursuant to Assembly resolution 66/246.

2.   During its consideration of the above-mentioned reports, the Advisory Committee met with the Under-Secretary-General for Management, the Umoja Project Director and other representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 12 November 2015. The Committee also had an exchange with the members of the Audit Operations Committee.

3.   The present report should be read in conjunction with other reports of the Secretary-General and the related reports of the Advisory Committee currently before the General Assembly, which also contain information related to the implementation of Umoja. These include: (a) the report of the Secretary-General on a framework for a global service delivery model of the United Nations Secretariat (A/70/323); (b) the related report of the Advisory Committee (A/70/436); and (c) the report of the Secretary-General on the status of implementation of the information and communications technology strategy for the United Nations (A/70/364 and Corr.1).

Overview of project status

4.   Information on the progress achieved during the reporting period, from July 2014 to August 2015, is provided in paragraphs 17 to 27 of the seventh progress report. The Secretary-General states that the Umoja master project plan was executed in accordance with the schedule and functionality set out in the sixth progress report[1] and that the key achievements included the following: (a) the completion of the Secretariat-wide deployment of the Umoja real estate functionality by November 2014; (b) the design, build and test of high-priority change requests resulting from lessons learned during the Umoja Integration[2] pilot in the United Nations Stabilization Mission in Haiti; (c) the deployment of the Umoja Integration solution to cluster 3 entities[3] in June 2014; (d) the strengthening of the enterprise support model implemented throughout the Organization to resolve incidents and user requests for service, on both technical and functional matters; and (e) the development and release of the management dashboard to complement other business intelligence reports that are extensively used to extract information from Umoja. The Secretary-General also states that the project to complete the implementation of the Umoja Integration solution (Umoja Foundation and Extension 1) throughout the Secretariat by the end of 2015 remains on track. The Umoja Integration solution was deployed to cluster 4 entities[4] on 9 November 2015, as the Advisory Committee was concluding its deliberations and finalizing the present report.

5.   **The Advisory Committee notes that the Umoja Integration solution was deployed to cluster 3 entities in June 2015 and that deployment to cluster 4 entities is under way, in accordance with the target dates set out in the sixth progress report. The Committee welcomes the achievement of an important milestone in the implementation of an enterprise resource planning solution at the United Nations.**

6.   The Secretary-General states that the deployment of the Umoja Integration solution to cluster 3 entities required a significant effort aimed at organizational readiness, and change management activities such as data preparation and data cleansing, the harmonization and clarification of operating model issues, communications campaigns, and Umoja Academy and training sessions. The efforts and resources that had to be directed to the extended post-implementation support for cluster 3, and the strengthening of preparedness for the deployment to cluster 4, exceeded what had been planned for and estimated. As a consequence, the design of

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[1] The project was initially planned to be fully implemented by the end of 2013 on the basis of the "pilot first" option, which was endorsed by the General Assembly in its resolution 64/243. A chronology of cost projections by year for the Umoja project is provided in annex III to the report of the Advisory Committee on the sixth progress report (A/69/418).

[2] The Umoja Integration solution refers to the joint deployment of Umoja Foundation and Extension 1 processes.

[3] Including the Economic and Social Commission for Asia and the Pacific, the Office for the Coordination of Humanitarian Affairs, United Nations Assistance to the Khmer Rouge Trials, the United Nations Environment Programme, the United Nations Human Settlements Programme and the United Nations Office at Nairobi.

[4] Including Geneva-, New York- and Vienna-based Secretariat entities, the Economic Commission for Africa, the Economic Commission for Latin America and the Caribbean, the Economic and Social Commission for Western Asia, the International Criminal Tribunal for Rwanda, the United Nations Office to the African Union and Umoja Extension 1 processes (human resources management and travel) for international staff at peacekeeping and special political missions.

Umoja Extension 2 and preparatory work for the implementation of cluster 5,[5] which had been planned to be completed in 2015 according to the current project timeline, have been delayed and will be planned for in 2016 instead. The Secretary-General also indicates that the additional unplanned activities that had to be undertaken had an impact on the project's plans and the cost projections (see A/70/369 and Corr.1 and 2, para. 81).

7.   Furthermore, the Secretary-General states that by the end of December 2015, the Umoja team will have a clearer view of the support effort required for cluster 4 and any additional development requirements, and will be in a better position to make a more precise estimate of the resources requirements for 2016 and 2017, taking into account the planning implications and cost of the activities, especially as regards Umoja Extension 2. He indicates his intention to submit for consideration by the General Assembly at the first resumed part of its seventieth session revised estimates of the resources required for 2016 and 2017, taking into account the planning and financial implications of the unplanned activities undertaken that had to be undertaken in 2015 in relation to support for cluster 3 entities and the strengthening of preparedness for the deployment to cluster 4, as well as other critical factors that remain a challenge for the Umoja project. He also signals his intention to submit a revised plan for future releases of the Umoja solution, including cost estimates.

8.   **Notwithstanding the achievement accomplished with the deployment of the Umoja Integration solution, the Advisory Committee is concerned that the significant problems encountered during the implementation of Umoja Integration to cluster 3 and cluster 4 entities may have an impact on the project's plans and the cost projections.**

II.   Fourth annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system

9.   In its fourth annual progress report on the implementation of the United Nations enterprise resource planning system (see A/70/158), the Board of Auditors indicates that the report has been prepared on the basis of audit examinations conducted between April 2014 and April 2015 and covers project management; the Umoja deployment strategy and organizational readiness; support arrangements; risks concerning the current deployment schedule; and management of the costs and benefits of Umoja. The report does not cover the deployment of the Umoja Integration solution to cluster 3 entities in June 2015.

10.   In its report, the Board notes that Umoja has transitioned into a live production system and commends the achievements accomplished. The Board also comments on the lessons learned from previous deployments, noting that significant problems have been encountered.

11.   **The Advisory Committee commends the Board of Auditors for the high quality and comprehensiveness of its report. The Board's independent assessment facilitates the Committee's consideration of the implementation of**

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[5] Umoja Extension 1 functions for national staff at peacekeeping operations.

the United Nations enterprise resource planning system. The observations of the Committee regarding specific findings of the Board are provided in the relevant sections of the present report.

III. Seventh progress report of the Secretary-General on the enterprise resource planning project

A. Project management, governance and oversight

12.   In paragraphs 2 to 13 of his progress report, the Secretary-General discusses governance and oversight issues, as well as the actions taken to strengthen project management, ownership and accountability. He indicates that efforts have been made to ensure that heads of business units play a more active role in Umoja and assume greater ownership of the Umoja readiness plan in order to adopt the common operating model and drive its development. Such efforts have included the introduction of a biweekly scorecard to strengthen the monitoring of progress made by all entities, and a strict escalation procedure applied in the event of deviations from planned progress, up to the intervention of the Secretary-General, if necessary. In addition, a set of eight milestones, called quality gates, has been established to monitor the progress of the implementing entities against the readiness plan. Upon enquiry, the Advisory Committee was informed that for each of the eight milestones, the mechanism set out the objectives, the criteria for the successful completion of the related tasks and the persons accountable and responsible for such completion. The Committee was also informed that all cluster 4 entities had met the criteria for the eight quality gate milestones.

13.   In its report, the Board of Auditors reviews the key elements of project management, including project planning, governance arrangements and the management of issues and risks that have an impact on the Umoja project. The Board notes that there has been sustained and consistent improvement in respect of Umoja project management.

14.   **The Advisory Committee welcomes the improvements made in the management of the project as reported by the Board of Auditors. It trusts that the Secretary-General will remain vigilant in ensuring that the project continues to benefit from strengthened and effective governance, oversight, accountability and management arrangements, which are essential for the achievement of the project's goals and objectives (see also paras. 39 and 40 below).**

B. Deployment of the Umoja Integration solution to cluster 4 entities

15.   As indicated in figure I of the report of the Secretary-General, the deployment of the Umoja Integration solution to cluster 4 entities involves United Nations Headquarters, the United Nations Offices at Geneva and Vienna, the Economic Commission for Africa, the Economic and Social Commission for Western Asia, the Economic Commission for Latin America and the Caribbean, the Economic Commission for Europe, international tribunals and peacekeeping and special political missions (international staff). The Secretary-General states that the scope of the November 2015 roll-out to cluster 4 is unprecedented, involving almost twice the number of users and more than 10 times the number of entities compared with the

June 2015 deployment to cluster 3, with data cleansing and enrichment being among the most critical factors in achieving readiness. The Secretary-General provides information on the measures taken to address those challenges, which include the strengthening of project management, planning and monitoring (see paras. 12-14 above) and the establishment of deployment groups. He also indicates that lessons learned from previous deployments were applied to improve the November roll-out to cluster 4 entities, in particular in the areas of change management, training and data readiness (see A/70/369 and Corr.1 and 2, paras. 28-31).

16.   Information on the deployment groups is provided in paragraphs 42 to 47 of the report of the Secretary-General. He indicates that such groups have been constituted at Headquarters, in Geneva and Vienna and by the Department of Field Support for its field missions, to lead Umoja readiness activities and continue to provide support until the system is stabilized. The Secretary-General also indicates that the functions of the full-time senior deployment coordinator at the Assistant Secretary-General level appointed in September 2014 to establish the Headquarters deployment group (see A/69/418, paras. 71-74) have been integrated within the Office of the Under-Secretary-General for Management. Upon enquiry, the Advisory Committee was informed that in August 2015, as the transition to Umoja for cluster 4 entities grew closer, the Under-Secretary-General for Management, who also served as the Umoja project owner, had assumed responsibility for the successful deployment of Umoja in New York. The activities of the Headquarters deployment group were overseen by the Under-Secretary-General for Management/Umoja project owner, and the responsibilities of the deployment coordinator had been transferred to the Director of the Office of the Under-Secretary-General for Management (D-2), who carried out those functions in addition to his regular duties. The Committee was also informed that the Headquarters deployment group would remain in place throughout the Umoja deployment and initial stabilization period.

17.   Upon enquiry, the Advisory Committee was informed that the Secretariat remained committed to full compliance with General Assembly resolution 67/246, in which the Assembly endorsed the conclusions and recommendations contained in the report of the Committee (see A/67/565, para. 75), including the Committee's position that any changes to the existing service delivery model must be approved by the General Assembly. The Committee also recalls that it had been informed that any temporary arrangements introduced for the coordination of the deployment of Umoja would be discontinued after the Umoja implementation and stabilization periods (see A/70/7, para. VIII.24; see also A/70/436, para. 37).

18.   The Secretary-General indicates that the Umoja post-implementation review task force continued its reviews during the reporting period and that a post-implementation review of the deployment to cluster 3 entities was launched early in September 2015 (see A/70/369 and Corr.1 and 2, paras. 37-40). **The Advisory Committee trusts that a post-implementation review of the deployment to cluster 4 entities will also be conducted in due course, and that details on the outcomes of both reviews will be provided in the next progress report.**

C. Continuous improvements

19.   The Secretary-General states that continuous improvements must be implemented in order to fully exploit the opportunities arising from the

implementation of the enterprise resource planning solution and to adopt industry best practices. He also indicates that, in line with the recommendation by the Board of Auditors to "evaluate the case for an Umoja optimization project, considering the links to the proposed global service delivery model and the opportunity it provides to widen business ownership and business leadership of Umoja reforms" (see A/70/158, paras. 19 (g) and 91-94), the Organization is examining the possibility of developing a stronger business re-engineering capacity to drive the implementation of continuous improvements to the operating model in order to fully exploit the potential of the enterprise resource planning solution (see A/70/369 and Corr.1 and 2, paras. 75-77).

20.   In that connection, the Board of Auditors indicates that the Department of Field Support has already started to undertake various process improvements and infrastructure upgrades. Furthermore, the Department has already re-engineered the way in which staff will handle some 39 Umoja business processes (see A/70/158, para. 92).

21.   **Given that Umoja is a common system for the entire Secretariat, the Advisory Committee is of the view that continuous improvements, the re-engineering of processes and other such changes must be implemented centrally in a coordinated manner, not by individual Secretariat entities for their own specific needs (see paras. 39 and 40 below). The Committee recommends that the General Assembly request the Secretary-General to provide, in his forthcoming revised estimates report, consolidated information on the process improvements implemented and envisaged by the Department of Field Support, as well as details on the critical emerging needs and requests of user departments (see A/70/369 and Corr.1 and 2, para. 49 (a); see also para. 22 below), with cost estimates and full justifications.**

D. Umoja Extension 2

22.   The Secretary-General discusses Umoja Extension 2 in paragraphs 48 to 51 of his report. He indicates that the scope of Umoja Extension 2 includes functionalities relating mainly to supply chain management, budget formulation, programme management, conference and event management, and force planning. However, as discussed in paragraph 6 above, the design of Umoja Extension 2 will not be completed at the end of 2015 as planned, owing to greater-than-planned workloads for pre- and post-implementation activities for the deployment of Umoja Integration to cluster 3 and 4 entities. Furthermore, according to the Secretary-General, the Organization and its needs have evolved, and new considerations will have to be factored in before determining the precise functional content and timing of subsequent releases of Umoja. The Secretary-General states his intention to reassess the Extension 2 functionality to take into account the following factors: (a) critical emerging needs, including requests from user departments based on their experiences in using the Umoja Integration solution; (b) emerging mandated requirements related to the changes to human resources management entitlements recommended by the International Civil Service Commission (ICSC); and (c) other strategic priorities such as completing the deployment of the Umoja supply chain functionalities to peacekeeping operations and special political missions, an improved interface with the United Nations Development Programme solution used for field offices, and upgrades to the enterprise resource planning software package (Systems Applications and Products, or SAP).

23.   With regard to the Secretary-General's observations above, the Advisory Committee points out that the supply chain management functionality is included within the scope of Umoja Extension 2 and is therefore not a new requirement (see also para. 26 below). In that connection, the Committee recalls that, in his report on a framework for a global service delivery model of the United Nations Secretariat (see A/70/323, para. 11 (d)), the Secretary-General indicated that ongoing work to develop a new supply chain management framework was being piloted for field missions, would be integrated into the overall global service delivery model and would be taken into account in the design of Umoja Extension 2. **The Advisory Committee recommends that the Secretary-General be requested to provide further details on this matter in the context of his next overview report on the financing of the United Nations peacekeeping operations. The Secretary-General should also provide, in his forthcoming revised estimates report, details on how the above-mentioned framework being piloted at field missions will be aligned and integrated with the supply chain functionality to be designed, built and tested in the context of Umoja Extension 2. In addition, the Secretary-General should provide assurances that no duplicative or overlapping work is being undertaken in that regard.**

24.   Furthermore, the Advisory Committee points out that any possible adjustments that may be required in relation to the recommendations and decisions of ICSC (see A/70/30) were not part of the scope of the Umoja solution approved by the General Assembly in its resolution 67/246. The Committee recognizes that, should the proposed ICSC compensation package be approved by the Assembly, its implementation, given the scale and scope of its provisions, is likely to require the adaptation of the Umoja solution. **The Advisory Committee considers, however, that such changes are part of the normal operational requirements of the Organization, and would therefore expect them to be implemented as part of the normal maintenance of the Umoja Integration solution, rather than as a direct cost of the Umoja project, which should, in principle, be limited to the design, build, test and deployment of the initial Umoja functionalities.**

25.   In that connection, the Advisory Committee recalls that, in its resolution 67/246, the General Assembly requested the Secretary-General to ensure full implementation, without further delay, of the revised Umoja deployment strategy proposed in his fourth progress report (A/67/360) and approved the complete implementation of the full scope of the project by December 2018 at the latest, taking into account the comments and recommendations contained in paragraph 53 of the report of the Committee (A/67/565).

26.   In paragraph 53 of that report (A/67/565), the Advisory Committee expressed its view that it was in the best interest of the Organization that the full scope of the Umoja solution be delivered. It pointed out that, while Umoja Foundation and Extension 1 involved mainly transactional and International Public Sector Accounting Standards (IPSAS)-related functions that, prior to Umoja, had been covered by the Integrated Management Information System (IMIS), Galileo and other stand-alone systems, Umoja Extension 2 comprised some of the more strategic functions, including planning and programming, supply chain management and budget formulation functions, and that the poor coverage of such functions under the existing systems had been one of the main factors leading to the decision to shift to an enterprise resource planning system. The Committee cautioned against any approach that would essentially achieve only a costly replacement of IMIS and perpetuate the

weaknesses of the existing outmoded and stand-alone information and communications technology (ICT) systems. Annex IV to the report provided a summary of Umoja functionalities by phase, indicating that the 321 processes to be implemented by phase comprised: (a) Umoja Foundation, with 122 processes in the areas of finance, assets, procurement, property, equipment and inventory management to support the automation required for the adoption of IPSAS; (b) Umoja Extension 1, with 66 processes in the areas of human resources and travel management; and (c) Umoja Extension 2, with 133 processes in the areas of budget formulation, supply chain management, grant management, programme management, force management and conference and event management.

27.   **The Advisory Committee reiterates the views expressed in paragraph 53 of its earlier report (A/67/565). It reiterates its opinion that the implementation of the full scope of the project, as approved by the General Assembly in its resolution 67/246 (sect. III, para. 25), is necessary to protect the investment already made by Member States in this initiative, as well as to realize all of the benefits of the project. Accordingly, the Committee recommends that the Secretary-General be requested to provide, in his forthcoming revised estimates report, proposals for the implementation of the full scope of the Umoja solution for consideration by the Assembly. The Committee stresses that it is for the Assembly to decide on the course of action it may wish to take regarding the implementation of the Umoja Extension 2 solution, and that the Secretary-General should ensure that comprehensive, detailed and fully transparent information is provided to the Assembly to facilitate its consideration of this matter.**

E.   Benefits realization

28.   In his report, the Secretary-General indicates that he and senior management remain committed to realizing the qualitative and quantitative cumulative benefits of Umoja, which will total between $140 million and $220 million by 2019. The benefits relate to the implementation of the system and the resulting harmonization of business processes, redefinition of roles and responsibilities and reduction in unnecessary duplication of work. In its report, the Board of Auditors notes that, since the Secretariat has not yet established a clear baseline from which it can measure the benefits actually achieved, there is an opportunity to refresh the business case for benefits realization presented in the context of the first progress report (A/64/380). The Secretary-General indicates that a team has been established to determine how the benefits realization targets will be achieved and to develop benefits realization plans. The Advisory Committee is of the view that, in refreshing the business case, the Secretary-General should be requested to update the estimated benefits to current rates, given that they were estimated in 2009, more than six years ago. The Committee recalls that considerable delays have accumulated in the preparation of benefits realization plans, which have been requested by the General Assembly (see Assembly resolutions 67/246 and 69/274 A). **The Advisory Committee recommends that the General Assembly request the Secretary-General to ensure that further delays in the preparation of the benefits realization plans are avoided, and to include information on the plans in his next progress report.**

29. In that connection, the Advisory Committee notes that the envisaged realization of qualitative and quantitative benefits ranging between $140 million and $220 million is based on the assumption of the full deployment of the Umoja Extension 2 solution by the end of 2018. Upon enquiry, the Committee was informed that the overall benefits of $140 million to $220 million were expected to be realized by 2019 and that, once achieved, they would be permanently reflected in the budget as a result of the implementation of Umoja. The Committee was also informed that, on the basis of an industry survey of 1,600 organizations having selected or implemented enterprise resource planning systems within the previous four years, the payback periods for completed projects ranged from 2.6 to 3.2 years after full deployment and stabilization, with an average of 2.9 years. **The Advisory Committee recommends that the General Assembly request the Secretary-General to provide, in his next progress report, an estimate of the payback period for the implementation of the United Nations enterprise resource planning system, taking into account all project-related expenditures. The Secretary-General should also be requested to review and report on possible methods for measuring return on investment in ICT systems and other business transformation initiatives.**

30. **The Advisory Committee also recommends that the General Assembly invite the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, to gather and provide in his next report information on any efforts being undertaken by United Nations system entities to measure payback periods for their respective implementations of enterprise resource planning systems or other ICT/business transformation initiatives.**

31. The Advisory Committee requested clarification as to the relationship between benefits realization under Umoja and the future global service delivery model of the United Nations Secretariat (see A/70/323 and A/70/436). The Committee was informed that, while Umoja standardized and automated business processes, the global service delivery model would consolidate fragmented administrative structures within and across duty stations, as appropriate, and that the benefits of the model would build upon Umoja and add to its benefits, in particular through the consolidation of specific administrative functions at shared service centres, which would eliminate duplicative overheads. The Committee was also informed that, subject to approval by the General Assembly, the Secretary-General's next report on the global service delivery model, to be submitted at the seventy-first session, would include proposals and a business case (see A/70/323, para. 48 (c)). In addition, the Committee was informed that it would be possible to differentiate between specific elements of benefits related to the global service delivery model and those related to Umoja.

32. Upon enquiry, by way of example, the Advisory Committee was provided with information on the tangible benefits that had been realized to date as a result of the implementation of Umoja, which are set out in the annex to the present report.

F. Umoja operating, maintenance and support costs

33. Information on Umoja operating, maintenance and support costs is provided in paragraphs 59 and 60 of the report of the Secretary-General. He indicates that the

Secretariat continues to make every effort to implement Umoja preparatory activities, such as the collection, cleansing and enrichment of master and transactional data, within the approved budget levels of each department (as decided by the General Assembly). However, since IMIS cannot track expenditure on an activity-based level, information on such costs cannot be estimated in a comprehensive manner.

34.   In that connection, the Advisory Committee recalls that, in its resolution 69/274 A (sect. IV, para. 16), the General Assembly specifically requested the Secretary-General to provide detailed information in the next progress report on indirect costs relating to the implementation of Umoja and to establish clear procedures for the capture and central recording of that information, and reiterated its request to absorb such costs within the approved budget of each department. **Notwithstanding the limitations of IMIS and other legacy systems, the Advisory Committee considers that greater efforts should have been made to record and track some level of information on those activities, such as the degree of participation and time devoted to the various categories of activity, taking into account also that Umoja has been implemented in peacekeeping operations since 2013. The Committee considers this lack of information and transparency with regard to the full costs of the project to be a significant weakness in the management of the project.**

35.   **The Advisory Committee reiterates its earlier recommendation that the General Assembly request the Secretary-General, for the next implementation phases of the Umoja project, to maintain a detailed accounting of the indirect costs of preparatory activities to be borne by the implementing offices, departments and other entities and those to be covered under the Umoja project budget, and to provide fully transparent information on those costs to the Assembly in the Secretary-General's future progress reports on Umoja.**

G.   Umoja mainstreaming plan

36.   The Secretary-General indicates that in parallel to the phase-out of the Umoja team, the Umoja mainstreaming plan involves the gradual transfer of knowledge and responsibilities from the team to the corresponding three areas in the Secretariat, namely to: (a) process owners, regarding the development of process experts who are fully acquainted with the Umoja solution and are located in the process owners' offices and in selected service hubs and Secretariat departments and offices, as well as local process experts who will cover on-site support requirements; (b) the Chief Information Technology Officer; and (c) the Office of Human Resources Management, in particular, training aspects. The Secretary-General indicates that initial discussions with the Office have taken place and a detailed assessment is under way, which is expected to be completed by the end of 2015 (A/70/369, paras. 61-74).

37.   In its previous report, the Advisory Committee noted that under the mainstreaming plan, the Chief Information Technology Officer will take over by January 2017 the management and execution of activities related to ICT, which include: (a) ongoing system support and maintenance capacity to manage, maintain and enhance the Umoja production environment; (b) yearly building and testing programmes of work to integrate new functionalities into the production environment,

including the releases of Umoja Extension 2 functionalities; and (c) periodic releases of new functionalities and/or maintenance packages within the Secretariat. The Secretary-General indicates that all the functions to be mainstreamed to the Chief Information Technology Officer area have been identified and a detailed assessment is under way to identify the support model for mainstreaming and the total cost of ownership, which will be presented in the next progress report.

Transition phase

38.   In its report, the Board of Auditors noted that under the existing plans for the phased implementation of both the Umoja functionality and the Umoja mainstreaming plan, the transfer of responsibility to the Chief Information Technology Officer and her staff is planned for January 2017, which would be three years after the first deployment of Umoja Foundation to peacekeeping operations in 2013. In the interim, the Umoja project team will continue to manage the remaining deployments while also having to provide technical support for the live production system. The Board highlighted the need for transition planning, given that, with Umoja Foundation having been deployed for over a year, there are already operational tasks that need to be considered, such as upgrades of the enterprise resource planning software. In its report, the Board expressed its view that transition plans should be in place prior to the deployment of Umoja Integration in cluster 3 and cluster 4 entities. The Board also highlighted the importance of transfer of knowledge and resourcing, and of developing a solid knowledge of Umoja within the Office of Information and Communications Technology (see A/70/158, paras 70-74).

39.   The Advisory Committee shares the Board's concerns regarding the need for transition plans given that Umoja has now shifted from the project phase to a live production system, with new deployments and preparations for the deployment of new Umoja functionalities ongoing, in parallel. **In this regard, the Advisory Committee considers that, pending transfer of responsibility to the Chief Information Technology Officer, during the transition period there is a need for greater clarity regarding governance, management and operational arrangements for the maintenance, upgrade and continuous improvements of the Umoja Integration solution which has already been deployed. The Committee therefore recommends that the General Assembly request the Secretary-General to establish and formalize, as part of the mainstreaming effort, governance and management arrangements for the Umoja Integration solution (see para. 14 above).**

40.   **In this regard, the Advisory Committee is also of the view that it is essential that the Umoja Integration solution is maintained and updated centrally in a well-coordinated manner for the entire Secretariat and that effective controls are in place to avoid the establishment of ad hoc departmental groups/teams for supporting, maintaining, upgrading, or further enhancing the Umoja Integration solution. The Committee recommends that in future, any major proposals related to Umoja maintenance, upgrade and enhancements be submitted for consideration by the General Assembly in a consolidated manner in the context of the Umoja progress reports, after central review (see para. 21 above). The Committee also recommends that the General Assembly request the Secretary-General to provide an update on this matter in his forthcoming report on revised estimates.**

H. Project staffing

41. In his previous report (A/69/385, paras. 75-79), the Secretary-General proposed (a) the progressive downsizing, at the end of 2015, of the Umoja project team from 90 to 74 posts, most of which are related to administrative and support functions; (b) further downsizing of the project team from 74 to 50 posts in early 2017, with the 24 posts, consisting mainly of process experts, to be transferred to business units; and (c) that the remaining 50 temporary posts will be funded by the Umoja project until the end of 2017, when, in accordance with the direction of the General Assembly, the project posts would cease to exist.

42. The report of the Secretary-General provides a status of vacancies as of 31 July 2015, which shows that 77 of the 90 posts were encumbered, 5 vacant posts were frozen in anticipation of the downsizing of the project and recruitment was at various stages for the remaining vacant posts. The Secretary-General also provides some information on the most significant risks being managed regarding the staffing of the project team, which include: (a) critical staff on the Umoja team and within the process owners' offices are leaving for posts unrelated to the Umoja project; and (b) in many cases, the recruitment process was not successfully concluded owing to the candidates' concern that project downsizing would pose a risk to their job security if they were to give up their current positions in favour of a project post. At the same time, the Secretary-General states that lessons learned from previous deployments point to the need for a significant increase in the quantity of certified process experts to ensure that in-depth knowledge and skills are embedded widely throughout the Organization and that users are adequately supported.

43. Upon enquiry, the Advisory Committee was informed that one of the main obstacles and highest risks faced related to the availability of resources with the right set of skills to undertake the work that was being planned, and that an action plan was needed to maintain the knowledge base within the Organization. Not only did the Organization not yet have the critical mass of resources with the right skill set, but, as indicated above, it was also losing skilled resources on a daily basis. In order to provide continuity to those highly skilled resources in the Umoja team, as required to support and expand Umoja, it was necessary to retain and place those highly skilled resources within the Organization. The Committee was also informed that the Secretariat considered that a postponement of the downsizing of the Umoja project team would be in order, given the resources and skills required to deliver the planned activities for the biennium 2016-2017.

44. **The Advisory Committee is deeply concerned about the information provided to it regarding the ongoing loss of skilled personnel, given that the lack of availability of such skills poses one of the highest risks to the successful completion of the project. The Committee has long stressed the need for strengthening in-house capacity for supporting the core activities and needs of the Organization and for transferring knowledge from consultants to programme and project staff in order to prepare for the institutionalization of Umoja support. It recommends that the General Assembly request the Secretary-General to develop, as a matter of priority, a detailed action plan for ensuring that the knowledge base acquired is maintained within the Organization, and to submit his proposals in the context of his forthcoming revised estimates report.**

45. **The Advisory Committee also considers that there is a need to retain skilled personnel within the project team and avoid, to the extent possible, additional departures of skilled staff. Given that time is of the essence, the Committee recommends that the General Assembly authorize the Secretary-General, as an exceptional, temporary measure, to postpone the downsizing of the Umoja project team, pending consideration by the Assembly of the Secretary-General's forthcoming revised estimates report and the above-mentioned action plan (see para. 4 above).**

I. Updated resource requirements for the biennium 2014-2015

46. The Secretary-General states that the resource requirements for the biennium 2014-2015 were estimated in the sixth progress report at $129,386,000. On the basis of actual expenditure since then and updated projections for 2015, the total direct project expenditure for 2014-2015 remains unchanged at $129,386,000. However, as indicated above, while the resource requirements for 2014-2015 have not changed, as a result of the additional unplanned activities that had to be undertaken to deploy and support the Umoja Integration Solution to cluster 3 and cluster 4 entities, there are delays in the efforts relating to cluster 5 (national staff in peacekeeping operations) and Umoja Extension 2 activities planned for 2014-2015. **The Advisory Committee expects that further details will be provided on the above-mentioned additional unplanned activities that had to be undertaken in 2015 in the Secretary-General's forthcoming revised estimates report.**

J. Projected resource requirements for the biennium 2016-2017

47. Pending consideration of his revised estimates report, the Secretary-General indicates that the revised estimates for the biennium 2016-2017 remain unchanged at $54,291,700, as proposed in the sixth progress report.

IV. Conclusions and recommendations

48. **The actions requested of the General Assembly are set out in paragraph 101 of the seventh progress report. Subject to its comments and recommendations in the paragraphs above, the Advisory Committee recommends that the General Assembly:**

(a) **Take note of the progress made on the implementation of Umoja since the issuance of the sixth progress report;**

Programme budget

(b) **Approve the amount of $8,143,700, as presented under the proposed programme budget for the biennium 2016-2017 under section 29A, Office of the Under-Secretary-General for Management, representing the regular budget share for the Umoja project;**

Support account for peacekeeping operations

(c)   **Note that an amount of $31,306,700 has been approved by the Assembly in its resolution 69/308 under the support account for peacekeeping operations for the financial period from 1 July 2015 to 30 June 2016, of which $22,891,500 was for the period from 1 July to 31 December 2015 and $8,415,200 was for the period from 1 January to 30 June 2016; and that resource requirements in the amount of $25,245,700 will be included in the subsequent requirements for the support account for peacekeeping operations for the financial periods as follows: (i) from 1 July 2016 to 30 June 2017 ($16,830,400); and (ii) from 1 July 2017 to 30 June 2018 ($8,415,300);**[6]

Extrabudgetary resources

(d)   **Note that requirements in the amount of $12,487,100 will be funded from extrabudgetary resources in the financial period from 1 January 2016 to 31 December 2017;**

(e)   **Note that revised resource requirements for the biennium 2016-2017 will be submitted to the Assembly for its consideration at the first resumed part of its seventieth session, in 2016.**

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[6] With reference to subparagraph 101 (c) (A/70/369/Corr.2), the Advisory Committee was informed that the amount of $8,415,300 to be noted for the 2017/18 financial period reflects requirements for the six-month period from 1 July 2017 to 31 December 2017.

Annex

Tangible Umoja benefits realized (as reported in November 2015)

1.   Umoja harmonizes and simplifies disparate solutions and duplicate applications. After decades of working in functional and organizational silos, different entities are beginning to work more closely together, as Umoja is a fully integrated, enterprise-wide solution that requires common practices. Umoja is starting to bring significant improvements in terms of efficiency, transparency and better informed decision-making.

2.   At the centre of this transformation is the implementation of leading-edge enterprise resource planning software that provides a harmonized and streamlined approach to the following core organizational functions: finance and budget management; human resources management; workforce management; organizational management; travel management; payroll, programme and project management; supply chain/procurement/logistics management; and central support services.

3.   By the end of 2015, Umoja will replace numerous legacy systems that were costly to maintain, including eight different instances of the Integrated Management Information System (IMIS), custom-built software programmes used to manage procurement, accounting, payroll and logistics, not to mention countless stand-alone spreadsheets and paper-based administrative processes throughout the Secretariat.

4.   Data in the enterprise resource management system is processed instantly instead of moving through multiple systems and interfaces, minimizing lag time. All users, throughout different geographic and business areas of the United Nations Secretariat, can — with enterprise roles — access a common database which is always up to date and unaffected by local server issues.

5.   Umoja will bring benefits in terms of efficiency, transparency and responsiveness to business needs, and improve staff morale.

6.   Examples of the aforementioned benefits are as follows:

      (a)   **Master data management.** One of the noteworthy developments resulting from Umoja was the set-up of the Secretariat-wide master data management mechanism. This tool makes possible improved data governance and stewardship of assets, standardization of equipment and services, bigger volume discounts and reduced administrative costs in managing and reconciling multiple data bases of vendors, partners, human resources, materials and services;

      (b)   **Human resources mobility.** Umoja has eliminated large bottlenecks and archaic processes at the locations where it has already gone live (cluster 3). Under IMIS, for example, the movement of staff between duty stations would invariably lead to payroll challenges owing to problems in transferring personnel information between locations. At the same time, the administration of "time and attendance" (including leave) would require inordinate amounts of staff time to track using paper-based forms and then entering the information into IMIS, only for staff to finally verify the data in writing. For field-based staff, the leave sheets would be sent to their headquarters for inputting into IMIS, creating complications and significant backlogs;

(c) **Human resources benefits.** Umoja provides full flexibility to place transactional tasks in any suitable location around the world, thus enabling consolidation in shared centres located in competitive locations. Furthermore, Umoja provided an opportunity to all offices to cleanse their personnel data. Other tangible benefits in this area include:

- **Easier monitoring of leave balances.** Using "employee self-service", staff members can now check their leave balance in real time, enabling them to plan their leave more easily

- **Better integration among human resources systems.** Previously, owing to the existence of eight separate instances of IMIS, it was a challenge to merge and transfer data from one instance to another

- **The transfer of staff information is no longer required.** With Umoja all information is in a single-source system. There is also an interface between Umoja and Inspira which synchronizes job code and position numbers used for recruitment

- **Self-certification through the employee and manager self-service portals has placed greater responsibility and accountability on staff/managers.** This benefit reduces data entry efforts by the Office of Human Resources Management, enabling it to play a stronger monitoring role

- **Simplification of workflow between human resources officers and human resources assistants. Achievement of further automation of the on-boarding process with the various interfaces.** Such interfaces as Earth Med and Inspira can transfer data without additional steps needed

(d) **Accurate and real-time financial data.** Prior to Umoja, cash would be allocated to field offices on a quarterly basis, making it difficult for managers to effectively and prudently manage their cash flows. Umoja makes possible consolidated financial reporting in real time;

(e) **Travel benefits.** Umoja has reduced the processing time for travel, shipments and expenses. The inclusion of Secretariat-wide travel data in one common database has improved the ability of the United Nations to negotiate better corporate agreements with service providers and airlines. Moreover, it enables a more focused management of travel resources, including reporting;

The Umoja travel solution introduces the concept of employee self-service, whereby travellers can submit travel requests into the system directly, as opposed to the old practice of submitting requests through paper forms, which were subsequently entered into an information technology solution by administrative personnel;

The Umoja travel approval process has been streamlined from 8 to 12 approvals (depending on duty station) to only 3: (i) the submission by the traveller; (ii) the travel and shipment approver (former certifying officer); and (iii) the travel processing office. The streamlining of approval processes will eliminate duplication, reduce chances for errors and increase accountability;

United Nations travellers benefit from complete transparency regarding the status of travel and shipment requests and related expense reports, with full

transparency regarding how the claim is settled. Travellers will have their complete travel history available at all times;

(f) **Real estate benefits.** With the adoption of the Umoja real estate module, all data related to real estate throughout the Secretariat is recorded and maintained in one common solution, increasing transparency and integration across multiple functions. Linking the real estate and fixed asset modules, Umoja now records all capital improvements and impairments of real estate and infrastructure assets in a manner compliant with the International Public Sector Accounting Standards (IPSAS);

The tool provides assistance in updating and maintaining the strategic capital review processes. The Umoja real estate module also makes possible a global view of all leases and facilitates the streamlining of lease administration processes;

(g) **Procurement benefits.** Umoja provides a single solution under which contract catalogues are defined and from which users can select items and services, as compared to individual instances of local procurement systems that required manual data entry by each procurement office. Greater accuracy and efficiency in the ordering process has already been noted. These pre-defined global catalogues, which are identical in all locations, provide a more accurate view of delivery modalities and total costs. Accordingly, Umoja is already providing increased accuracy in the ordering process, as well as greater transparency regarding requirements, including the ways in which the organization is spending resources by vendor and commodity. It also unifies the vendor database, allowing for better control;

These benefits are currently visible, but to achieve the long-term benefits and efficiencies offered by a single solution that ignores geographic and organizational boundaries for the supply-chain process, the Organization must analyse and realign business practices to transform the way in which it delivers services;

(h) **Equipment and asset management benefits.** Under Umoja, all equipment and assets are recorded and maintained in one common system, increasing transparency and standardization, supporting the IPSAS reporting requirements and optimization of the management of the assets.

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