United Nations Board of Auditors

Audit Observations on the second interim audit of Umoja

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SUMMARY

In August 2006, the General Assembly endorsed a proposal to implement an enterprise resource planning (ERP) system across the United Nations Secretariat. The project, known as Umoja, is the cornerstone of reform to the administrative and peacekeeping support functions of the United Nations and covers over 200 locations in over 100 countries. Umoja spans most administrative and support functions across five functional areas: finance, supply chain, human resources, central support services, and programme and project management. The objective of Umoja is to simplify a wide range of administrative practices and provide the United Nations with updated and accurate data that will enable quicker decision making, and better service delivery through improved planning of programmes and measurement of results.

Implementation of Umoja had previously been scheduled to be complete by 2013, but due to delays in the project a revised implementation timetable was agreed by the Steering Committee in September 2011. Full deployment of Umoja is now projected for the end of 2015. Projected resource requirements for the project remain at $315.8 million, with predicted annual quantitative benefits of between $139 million and $220 million if full implementation and stabilization are successfully achieved.

These audit observations report the findings of the Board's second interim audit of Umoja carried out in November 2011.

Overall conclusion

In April 2011 the Administration announced a two year delay to the project and a switch to a phased implementation approach. The Administration has not increased the anticipated project cost of $315.8 million as a result of these changes, however, and the Board is concerned both that the probable cost of the project is understated and that suboptimal decisions, such as cutting training costs, are being taken in order to contain over expenditure in other areas.

For Umoja to be delivered on time a number of complex concurrent project tasks need to be completed in a timely and coordinated manner. Underlying causes of delays, such as project team vacancies and lack of senior management ownership are not being addressed however, and the project timetable is being compressed in the belief that delays can be absorbed without moving the final completion date. The Board considers that the current project timetable may not be achievable and that there is a risk that the scope of the project may be reduced without proper consideration of which parts of the project are core to achieving the expected benefits.

The Board recognises that an enterprise resource planning system is a necessity for the United Nations. We are concerned, however, that Umoja continues to exhibit many of the signs of a failing project. There is little senior level ownership of the project, there is no project director, there is a continued failure to address longstanding inhibitors to progress, and the Administration has no plans for how to realise the intended benefits of the project. Failure to address these issues is likely to lead to even greater project cost and delay or reduced project scope and benefits.

The Board's view is that there is currently sufficient uncertainty over whether the project is actually deliverable in the current timeframe and budget, and whether it will deliver the intended benefits, to warrant consideration of a pause in the project to reassess its scope, probable cost, timetable and intended benefits. We are aware of the interdependence of Umoja with other major change programmes that the UN is implementing, however, and would welcome the Administration's views on this option before making a formal recommendation to this effect.

Key findings and recommendations

At this interim stage we identified the following key findings:

The Administration has not published a clear set of milestones and deliverables to enable open and transparent monitoring of progress. As a result, there remains a lack of robustness and transparency with regard to the project timetable and the Administration has already made adjustments to the timing and scope of key project milestones during the solicitation of the Umoja Foundation build contract. An already challenging timeline which the Administration stated has no contingency to absorb delay has therefore been further compressed.

Detailed benefits estimates have been developed for Umoja but they are not linked to any plans indicating how the benefits will be realised or measured. The benefits model developed for Umoja is split by business area and process, and benefits apportioned over time. The benefits are, however, largely theoretical, have not been agreed by business owners, and have been significantly reduced from the original projections.

Despite the introduction of measures to expedite recruitment, the level of vacancies is continuing to cause delays. As of September 2011, 54 out of 90 posts and 17 of the 66 subject matter expert positions had been filled. A substantial increase in the rate of recruitment will be required if the vacant staff posts and subject matter expert positions are to be filled by April 2012.

The Board has serious concerns that the final anticipated project cost is understated The Board considers that the Administration has not reported the total cost impact of the project delay and IPSAS supportive phased implementation. Despite a two year delay, the estimated cost of Umoja remains unchanged. Reductions to cost estimates have been made in order to keep the costs within the $315.8 million budget with no evidence to support the changes. Without robust estimates of cost, decisions are being taken on an unrealistic basis and there is a risk that there will be insufficient funds to complete the project as planned.

Projected expenditure on staff training has been reduced by at least $30 million since the original budget submission for Umoja. Although reduced levels of training result in less up-front costs, there is a significant risk that this approach will lead to greater displaced costs in the long term as a result additional support costs and a need to offer retraining.

There remains no single Senior Responsible Owner for Umoja. This has led to a lack of clarity among key business owners and the Umoja team as to who is ultimately accountable for delivering the project. A Senior Responsible Owner, who is ultimately accountable for delivery, can provide the single, unambiguous point of accountability that a major change programme such as Umoja requires to be successful.

There is a need for greater senior management ownership of project deliverables if Umoja is to be delivered successfully across the Global Secretariat. At present, an understaffed Umoja team is responsible for delivering the project and for taking forward a number of related tasks, such as the total cost of ownership study, developing and agreeing benefits realisation plans with business owners, and for undertaking a review of the service delivery model for the Global Secretariat. The Board is of the view that more of this should be owned and delivered by the business itself.

The Umoja project management office is significantly understaffed and consists of only the officer in charge. For Umoja to be delivered on time and budget the project management office needs sufficient capacity to manage the systems integrator contract and a number of complex concurrent project tasks which need to be completed in a timely and orchestrated manner.

The Board will continue to examine these and other issues during its next interim audit in March 2012. In the meantime, and in the light of the above findings, the Board makes the following main recommendations that:

- **the Umoja team report any delays in key milestones, and their impact on the overall project timetable and related projects such as IPSAS, to the Umoja Steering Committee immediately, and in the future at each next available opportunity.**

- **before publication of the fourth annual progress report on Umoja the Administration (a) reassess the benefits case for Umoja in consultation with business owners; (b) agree a baseline with headline benefit figures to be realised by each business area; (c) determine what the actual cashable saving will be; and (d) and assign responsibility to responsible business owners for realising the agreed savings and benefits.**

- **the Steering Committee assign responsibility to Under Secretary Generals for meeting project requests for subject matter experts in their respective business areas within four weeks.**

- **the Administration commission an urgent independent review and reworking of the budget to ensure that it is realistic and fit for purpose. The budget should have clear ownership linked to authority and responsibility, and include risk adjustment to address areas of uncertainty and allowance for optimism bias.**

- **the Umoja team identify the risks to the project and quantify their potential impact in on cost, potential benefits foregone, and the project timetable. Each risk should be owned by senior staff, reflecting the potential impact and likelihood of the risk arising, and be monitored regularly as part of the ongoing budgeting and resourcing arrangements.**

- the Administration appoint a single Senior Responsible Owner for the project with the requisite authority to drive Umoja forward and remove inhibitors to project progress.

- the Administration (a) urgently appoint a project director and finalise its revisions to the project's governance structure; and (b) identify key project tasks and appoint a member of the Steering Committee as executive sponsor with accountability for completion of each task.

- the Administration review the staffing of the project management office to ensure that there is sufficient capacity to effectively manage the systems integrator contract and the large number of complex concurrent tasks that need to completed for Umoja to be delivered successfully.

A   Background

1. In response to the General Assembly's decision to replace the existing Integrated Management Information System[1] the Secretary-General proposed, in April 2008,[2] the implementation of a global enterprise resource planning (ERP) solution. That ERP system, 'Umoja,' is a cornerstone of the United Nations administrative reform effort and presents a once in a generation opportunity to modernise the Secretariat's working methods, technological infrastructure and staff skills.

B.   Mandate, scope and methodology

2. These observations are the result of the Board's second interim audit of the Umoja project which was carried out between 31 October and 18 November 2011. Our fieldwork involved document reviews, analysis of Umoja management information, and interviews with a wide range of staff either directly or indirectly involved in the project. The purpose of these observations is to present a more detailed review of the key areas of risk for the Umoja project as identified in the Board's management letter dated 27 September 2011. These observations will form part of the Board's report on Umoja which was requested in General Assembly resolution 66/246. We continue to work closely with the Office of Internal Oversight Services to understand, and utilise where appropriate, the results of recent internal audits. The audit team discussed the emerging findings with the Umoja team while undertaking its fieldwork in November 2011. This approach was used to validate the Board's views and to ensure that the Umoja team was aware, at the earliest opportunity, of the Board's likely conclusions and recommendations.

C.   Findings and recommendations

1. Follow-up of previous recommendations

3. The findings and recommendations from the Board's first interim audit in April 2011, were issued on 27 September 2011 and contained 14 recommendations. The Administration's response of 17 October 2011 stated that five recommendations had been implemented and eight were on-going or due to be implemented by a specific target date. One recommendation was rejected. Detailed comments from the Board on the Administration's responses to its recommendations can be found throughout these observations.

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[1] Resolution 60/283, sect. II, para. 4
[2] A/62/510/Rev.1

2. The project timetable

4. The original project timetable for Umoja set out in April 2008[3] indicated that project completion was scheduled for the end of 2012. Full deployment of Umoja is now projected for the end of 2015, three years later than originally planned.[4]

5. In May 2011, the Umoja Steering Committee took the decision to phase the implementation of Umoja to mitigate further delays in the project and support the mandate to implement International Public Sector Accounting Standards (IPSAS) by 2014. **Figure 1** compares the high level timetable for Umoja before and after the phased approach was implemented. **Table 1** provides more detail on the current timetable for the project and the key functionality to be delivered in each phase.

Figure 1: Comparison of the high level activity timelines from the second and third progress reports
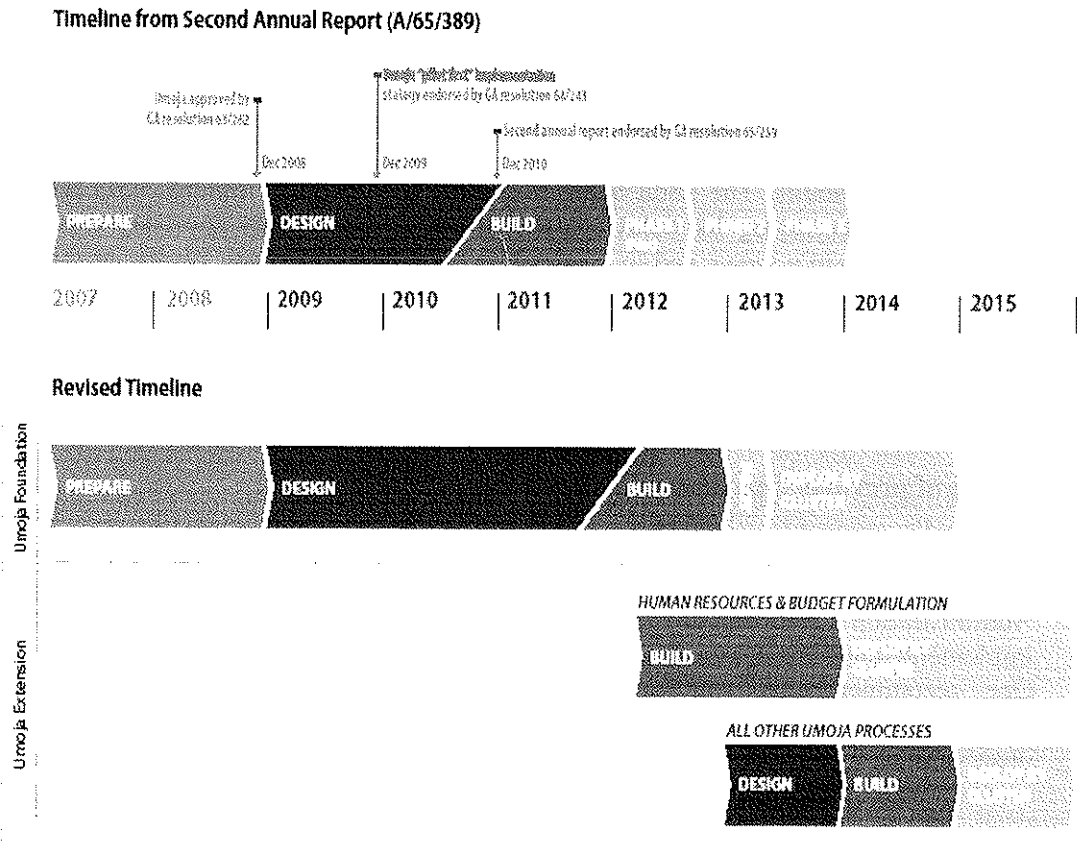
Source: A/66/381 Figure

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[3] A/62/510/Rev.1, para. 40
[4] Third annual Umoja progress report A/66/381

Table 1: Umoja design and implementation has been split into phases

Umoja project phase	Key functionality	Implementation completion
Foundation	Functionality to support IPSAS requirements: finance; procurement of goods and services; travel; assets, inventory and property management.	Pilot Jan 2013. Staggered implementation in five clusters across the global Secretariat by December 2014.
Extension part 1	Budget formulation and human resources	To commence in 2014 and conclude by December 2015.
Extension part 2	All other functionality in Umoja's full scope: force planning; demand planning and logistics execution; conference and events management; document production and distribution; grants management; and sales and services to the public.	To conclude by Dec 2015.

Source: Third progress report on the enterprise resource planning project (A/66/681)

6. The Administration has explained the reasons for the delay in the project timetable as follows:

- The project starting late.

- Growth in project scope. In 2008 the Administration identified 3,810 business requirements to be redesigned under the project. This has now grown to 7,000 requirements (an increase of over 80 per cent). This increase was driven by business user requests without detailed consideration of the likely impact on the project timetable or costs, and in the absence of any change control function for the project.

- Difficulty in recruiting staff with specialist enterprise resource planning software knowledge constraining the capacity of the design team. The Administration informed the Board that various factors, including UN pay scales, availability of appropriate expertise in the market, and the length of the UN recruitment process contributed to these difficulties.

- Slower than scheduled acceptance of the new business processes by business owners.

- Slower than scheduled recruitment of project staff and subject matter experts.

7. The Board notes that the reasons identified above should have been foreseen and mitigated by the Administration through better risk management and stronger senior management grip of the project.

8. The Board noted, in its management letter of 27 September 2011, that there was a lack of clarity regarding the impact of problems with the project on the overall completion date and stated that this lack of transparency was inhibiting those charged with governing the project from making effective and timely decisions to address reasons for delay.

9. After announcing the revised December 2015 project completion date the Administration informed the Board that there was no longer any room in the schedule to absorb further delay to the various project sub-tasks without impacting on the final project completion date. Now that the project has experienced further delays the Administration has, nevertheless, compressed elements within the schedule to absorb the delays without moving the final project completion date. We are concerned that there remains a lack of robustness and transparency with regard to the project timetable, that underlying causes of delays are not being addressed, and that efforts to compress the timetable beyond what was previously thought reasonable may increase project costs and delay the project further still.

10. The Board highlights the following key concerns regarding the accuracy of the project timetable:

- **Procuring multiple systems integrator contracts is likely to increase project cost and delay.** The next major step in the project is to agree a contract with a systems integrator[5] to build, integrate, test and deploy the systems which are being designed. The timetable in the third annual progress report was based upon letting an initial contract to cover both Umoja Foundation and part one of Umoja Extension. The Administration now intends two contracts to cover this work and will let a third contract to build part two of Umoja Extension. The Board has seen no evidence that the impact of doing so has been factored in to the anticipated project cost and schedule. If the systems integrator contracts are let to different vendors the Administration must manage the risk of unclear or shared responsibility for final system performance. The Board will follow up on this issue during its next audit.

- **The scheduled time to procure a systems integrator for Umoja Foundation may be unrealistic.** The Administration has scheduled only six months to complete the first systems integrator procurement. Two consultancy firms reviewed the timetable, one commenting that it is almost untenable, the other that it is achievable by industry standards. The Administration has now experienced delays in the planned procurement schedule and is aiming to complete the entire procurement in only four months (**Table 2**). The audit team notes that the Administration's ability to strike a good deal may be weakened because contract negotiations are now allotted four rather than 11 weeks, delays to Umoja are well publicised, and bidders are aware of the Administration's procurement timetable and budget.

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[5] The role of a systems integrator is to take a number of IT components (for example, software, systems, and hardware) and join them into a solution to meet a particular client's requirements.

Table 2: The procurement timeline for the Umoja Foundation systems integrator contract has been compressed

Activity	Timeline as of 30 August 2011		Timeline as of 17 November	
	From	To	From	To
Release request for proposal for build	20 October 2011	20 October 2011	21 November 2011	21 November 2011
Bidder's proposals due	8 December 2011	8 December 2011	19 January 2012	19 January 2012
Contract negotiations	14 January 2012	31 March 2012	2 March 2012	31 March 2012
Contract execution	31 March 2012	31 March 2012	31 March 2012	31 March 2012
Systems integrator mobilisation	31 March 2012	30 April 2012	13 February 2012	31 March 2012

Source: Umoja team

- **The schedule for rolling out Umoja across the global secretariat may leave insufficient time to address system problems and provide adequate user training.** In November 2011, the Administration adjusted the plans for piloting Umoja Foundation. While the revised approach to the pilot has the benefit of allowing additional time for testing and stabilisation prior to wider implementation, it reduces the time available to implement the system across the five clusters; thereby increasing the risk that there will be insufficient time available between clusters to stabilise the system or provide adequate training and support to users.

11. **The Board reiterates its recommendation that the Umoja team report any delays in key milestones, and their impact on the overall project timetable and related projects such as IPSAS, to the Umoja Steering Committee immediately, and in the future at each next available opportunity.**

12. **The Board also recommends that, following the award of the systems integrator contract for Umoja Foundation, the Administration publish a clear set of milestones and deliverables to enable open and transparent monitoring of progress and the early activation of any contingency plans for the implementation of International Public Sector Accounting Standards (IPSAS), should this be necessary.**

3. **Benefits realisation**

Changes in the level of projected benefits

13. In the February 2009 business case for Umoja the Administration stated that the project could deliver recurring annual benefits of between \$470 million and \$765 million.[6] By October 2009 their estimate had reduced by nearly three quarters to between \$134 million and \$224 million per annum[7,8] (**Table 3**). The Board has seen no evidence which sets out the basis for the reduction in the level of projected benefits and will follow up on this issue during its next audit. The Board also notes that the reduction in projected benefits has occurred in spite of the business requirements increasing from 3,810 to 7,000. The Board will examine what business benefits were attached to the new requirements during its next audit in March.

Table 3: The annual projected benefits of Umoja have decreased by nearly three quarters.

Date	Document	Projected recurring annual benefits	
		Min (\$ million)	Max (\$ million)
February 2009	Business case	470	765
July 2009	Umoja benefits model	487.3	792.3
October 2009	1st annual Umoja progress report (A/64/380)	134	224
September 2010	2nd annual Umoja progress report (A/65/389)	134	224
September 2011	3rd annual Umoja progress report (A/66/381)	139	220
October 2011	Additional information requested by the Advisory Committee on Administrative and Budgetary Questions on the report of the Secretary General on Umoja (12 October 2011), Attachment 7	139	222

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[6] The business case stated that Umoja would deliver between \$470 million and \$765 million in on-going annual capacity improvements, cost savings and cost recovery, and \$18 million to \$27 million in one-time cost savings and many other significant benefits.

[7] A/64/380

[8] The report states that it is reasonable to expect benefits within these ranges but acknowledges that, while the estimates are based on robust analysis, the range is wide because the figures are based on a number of assumptions and on existing data that are not always reliable (owing to the limitations of current information systems).

The proportion of benefits planned to result in cost reduction

14. The first annual progress report broke down the projected benefits into productivity and efficiency gains, stating that 'productivity measures output per unit of labour: by eliminating or reducing time currently spent on administrative tasks, opportunities will be created for United Nations staff to focus on more value-added activities across the Organisation' and 'efficiency is a measure of how well inputs are converted to outputs and can be measured as the reduction in cost for the delivery of the same service at the same level of quality'. The Administration has therefore stated that the intended 'productivity' gains will not result in reduced budget requests, but will allow current resources to be redirected to other activities, and that efficiency gains will result in cost reduction and a related decrease in budget requests.

15. In October 2011, the Administration reported that Umoja could deliver quantitative benefits of between $139 million and $222 million per annum. The Administration is planning to divert approximately half of the potential benefits into other activities meaning that member states will secure between $68 and $120 million less in annual savings than if all benefits were channelled into cost reduction.

16. The Board's September 2011 management letter noted that it was not clear that the General Assembly had approved the Administration's plan to divert some of the potential savings from Umoja into other activities rather than reduce costs. We highlighted two specific issues arising from this uncertainty:

- It was not clear what level of reduction in costs, and therefore what level of reduction in budget requests to member states, the Administration will be held accountable for delivering; and

- Business owners interviewed could not plan effectively for realising the benefits as they did not know what proportion of benefits should result in decreased budget requests and what proportion they should be planning to redirect into other activities.

17. The Board recommended that the Administration seek formal approval from the General Assembly for the proposed split between productivity and efficiency gains. In its 17 October 2011 response to the Board's management letter, the Administration stated that it did not accept the Board's recommendation and that there was 'no need to seek formal approval from the General Assembly'. The Administration has therefore not taken any action to address the highlighted issues.

Benefits from changes to service delivery models

18. The benefit projections in the Secretary-General's annual progress reports do not include any benefits accruing from reform of service delivery models. Such reform has the potential to bring major benefits but is likely to involve significant changes to the number and location of staff posts.

19. In November 2009[9] ACABQ recommended that the Secretary-General identify the administrative resources that can be released as a result of the implementation of Umoja. The Committee emphasised that, administrative functions in the UN constitute a significant share of overall activity, and that administrative reform should lead to reduced administrative burdens and costs. This recommendation was endorsed by the General Assembly, which emphasised the importance of continuous efforts to reduce administrative costs.[10]

20. ACABQ has noted that the Secretary-General has not made specific proposals for benefits to be derived from changes in the approach to service delivery. In its September 2011 management letter, the Board recommended that the Administration develop proposals for realising further benefits through changes to the service delivery, supported by a full cost benefit analysis.

21. The Board considers that this work should be a project priority, that the business must take responsibility for redesigning its service delivery model, and that accountability for the task must assigned to a senior level manager from within the business. The Administration, however, is not planning to complete its analysis of service delivery redesign until August 2012, and has delegated responsibility to the Umoja team. At the time of the Board's audit in November 2011, little progress had been made with the work due to a lack of resources within the Umoja team.

22. An improved service delivery model which clusters functions in fewer locations could shorten the Umoja deployment timeline by removing the need to deploy all Umoja functions in all locations, and decrease costs by reducing staff training requirements. If proposals for changes to the service delivery model are not agreed prior to the implementation of Umoja Foundation commencing in May 2013, the opportunity to maximise these potential efficiencies will have been lost.

Plans for realising benefits

23. The Administration has a detailed model for the benefits to be achieved from Umoja, but, these benefits are largely theoretical and underlying this model it has no plans for how the benefits will be realised or measured in practice. Senior business owners were not directly involved in the calculation of the benefits estimates and we note that they have no clarity about:

- Their ownership of or accountability for delivering benefits. They were not aware of specific amounts of benefits attributable to their area of the business.

- How the benefits would be achieved or measured.

24. In its September 2011 management letter the Board recommended that the Administration agree a proportion of the benefits attributable to each area of the business and assign accountability to the respective business owners for realising them. In response the Administration stated that the extent of benefits and how they will be realised will not be known until standard operating procedures based on new business processes are fully established, and identified a date of 31 December 2012 for assigning accountability.

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[9] A/64/7/Add.9
[10] A/RES/64/243

25. The Administration informed the Board that it plans to set targets for headcount reduction that departments will have to meet to reduce costs. Some interviewees stated that the reductions would be achieved through attrition or early retirement. We note, however, that the Secretariat's attrition rate is around five per cent, which is not high enough to achieve the kind of benefits projected for Umoja.

26. The Board notes that some of the projected benefits comprise small reductions in staff time taken to perform specific tasks (for example, 'reduction of time processing travel claims due to self-certification'). As such benefits do not equate to full time equivalent posts that can be lost, for these benefits to be realised the Administration will need to put in place arrangements for measuring and tracking the utilisation of this time to ensure that it is diverted into other value-added activities and not lost.

27. The Board remains of the view that business owners need to know what is expected of them at the earliest opportunity if benefits are to be realised. We see no reason why assigning responsibility to business owners for realising the benefits should be delayed until 31 December 2012, which may lead to some benefits being lost, limited or further delayed. Until implementation plans are drawn up by business owners which demonstrate clearly how they intend to achieve the benefits, the Administration cannot be sure that the General Assembly will be content with those plans and business owners cannot begin to take action to ensure that the benefits are derived in a timely fashion. Furthermore, without clear and formally agreed plans for what business changes will be implemented to deliver the benefits there is a risk that stakeholders, for example business owners, the management committee, and staff more generally, will resist or reject the changes.

The impact of the revised project timetable on benefits realisation

28. Whilst recognising that not all of the benefits of Umoja will be realised from the first day of implementation, delays in realising the benefits have a significant opportunity cost. Following the decision to phase the implementation of Umoja to support IPSAS implementation the majority of the expected quantitative benefits have been delayed and are expected to be realised following the implementation of Umoja extension (**Figure 2**). On the basis of midpoint estimates[11] the Administration projects that it will now realise $2.1 million of quantitative benefit by 31 December 2013 against the previous projection of $50.9 million. Further reductions in projected benefits occur each year until full benefit realisation, which is now projected for 31 December 2018. The total opportunity cost of the delayed and phased implementation of Umoja, based on midpoint estimates, is $236.8 million, before taking into account the loss of potential benefits from service delivery model redesign (**Figure 3**).

Figure 2: Distribution of expected benefits by time and deployment phase (based on midpoint estimates)
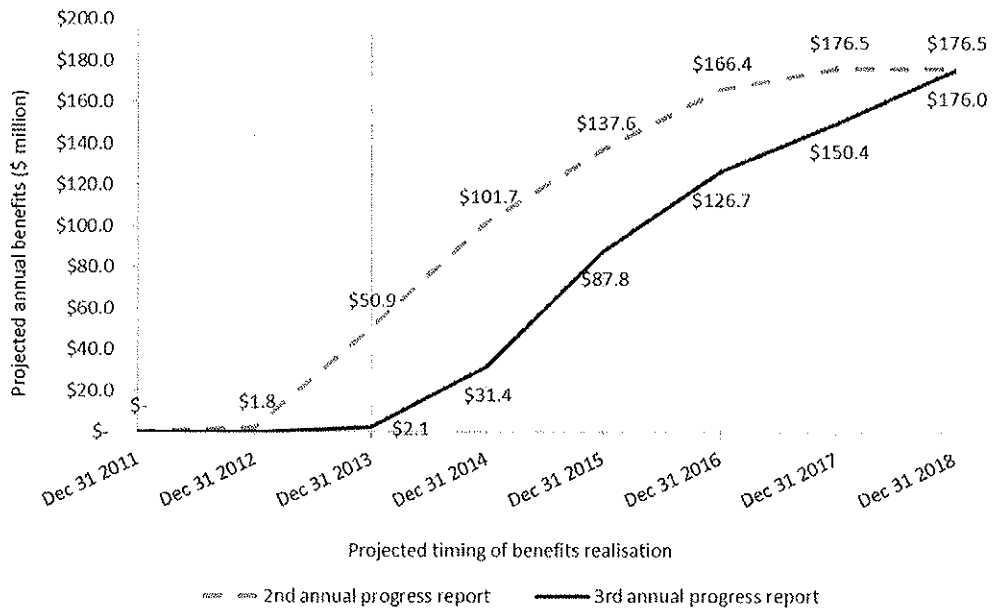
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[11] The midpoint between the high and low estimates of Umoja's quantitative benefits.
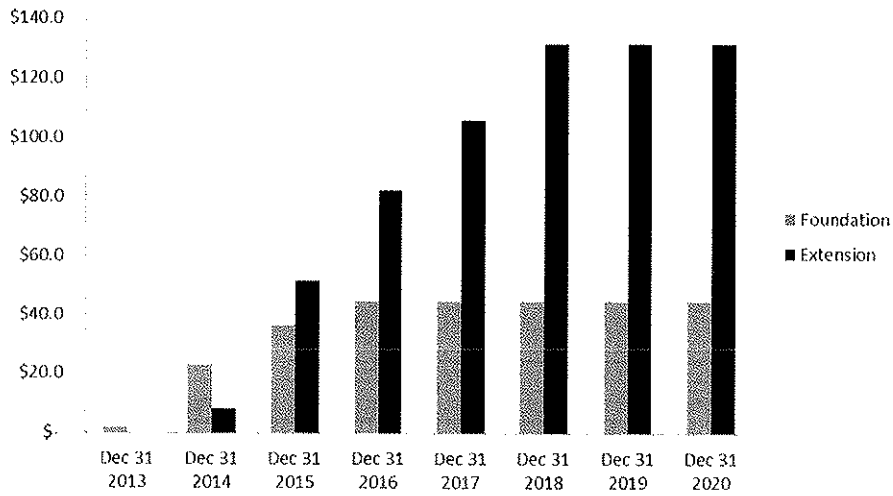
Source: Umoja benefits model

Figure 3: The project delay and phased implementation of Umoja reported in the third annual progress report has cost $236.8 million in lost potential benefits

Source: Board's analysis of the Umoja benefits model. The calculation is based upon midpoint estimates.

29. The Board recommends that before publication of the fourth annual progress report on Umoja the Administration (a) reassess the benefits case for Umoja in consultation with business owners; (b) agree a baseline with headline benefit figures to be realised by each business area; (c) determine what the actual cashable saving will be; and (d) and assign responsibility to responsible business owners for realising the agreed savings and benefits.

30. The Board recommends that the Administration require responsible business owners to develop plans for how the benefits they have agreed will be realised (for example, through head count reduction, or by engaging staff in other activities).

31. The Board recommends that the Administration, in the context of the fourth annual progress report on Umoja, seek formal approval from the General Assembly for the proposed split between productivity and efficiency gains and the intended actions to deliver these

32. The Board recommends that the Administration (a) assign responsibility for developing proposals for realising further benefits through changes in the approach to service delivery to a senior level sponsor on the Steering Committee; and (b) accelerate the planned timetable for developing these proposals to enable them to be signed off prior to deployment of Umoja Foundation and support the achievement of efficiencies in the deployment timeline and staff training requirements.

4. Project staffing

33. In September 2011,[12] the Administration reported continued problems in filling both project team and subject matter expert vacancies:

- Despite the intervention of the Umoja Steering Committee to introduce streamlined recruiting procedures (for example, delegating authority to recruit at the P-4 and lower levels to the Umoja Director) as of September 2011 only 54 out of 90 Umoja team posts were filled.

- Difficulty in recruiting subject matter experts continued, with some managers refusing to release subject matter experts to the project. As of September 2011, only 17 of the 66 subject matter expert positions approved for the build phase had been filled.

34. In its 12 October 2011 submission to ACABQ the Administration provided details of the timetable against which it plans to fill the remainder of the project team and subject matter expert positions. The Board's analysis (**Figure 4**) suggests that an increase in the speed of recruitment for will be required if this timetable is to be met.

Figure 4: The rate of recruitment to staff posts will need to increase if the Umoja team is to be fully staffed by April 2012

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[12] 3rd annual Umoja progress report (A/66/381)
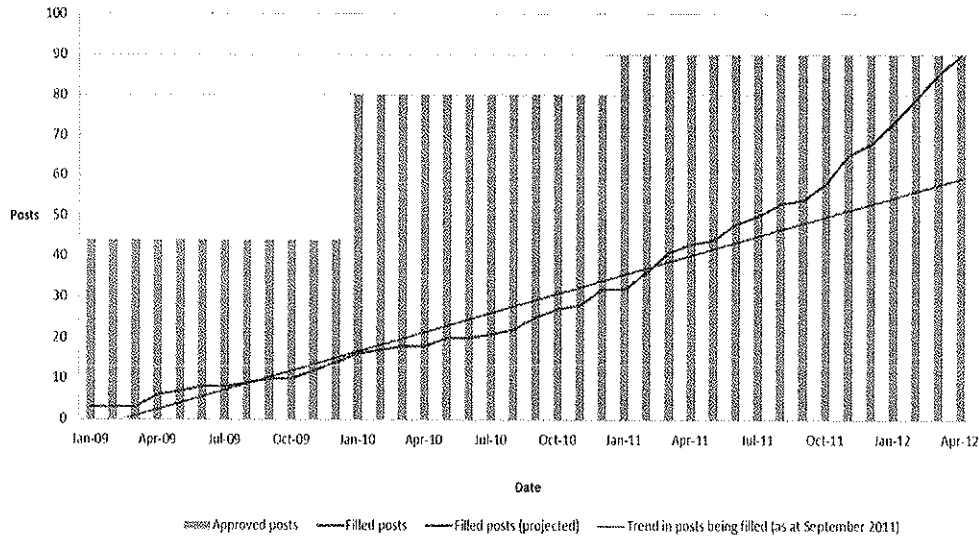
Source: Board analysis of data submitted by the Administration to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on 12 October 2011

35. Having all project team and subject matter expert posts filled is critical to limiting further project delays and cost increases. The Board is concerned that:

- Progress in filling project team vacancies against the projected timetable is being delayed by a review of the Umoja team's structure which commenced in June 2011 following the departure of the project director.

- In the absence of a project director, all vacancies now require the final approval of the Assistant Secretary-General, Chief Information Technology Officer (CITO) which is leading to further delays.

36. The continued inability of the Administration to fill the subject matter expert posts reflects a lack of senior management ownership of this project. To support achievement of its timetable for filling subject matter expert posts, the Administration has put in place an outreach programme for identifying subject matter experts and for gaining the support of departments, offices, and field missions to release those staff to the project. Filling the subject matter expert posts simply involves the transfer of an existing staff member to assist the project team. The refusal of business owners to release staff to the project should have been immediately dealt with by senior management intervention. It was not.

37. We consider that the current level of vacancies is not sustainable or conducive to a successful outcome for the project. We note that to contain project costs, the Administration also plans to reduce the size of the Umoja team from 90 to 68 in January 2015. There is, however, a lack of detailed plans on how this reduction will be achieved in practice and no evidence of any evaluation linking planned Umoja staffing levels to expected outcomes and deliverables.

38. **The Board recommends that the Administration, as a matter of urgency:**

a) complete its review of the project team's structure to enable recruitment of staff to be accelerated. This may require temporarily delegating authority to recruit project staff at the P-4 and lower levels to the Officer in Charge.

b) report progress against its recruitment plans for project staff and subject matter experts to the Steering Committee on a monthly basis. These reports should take account of the impact of vacancy levels on overall progress with the project to ensure that any potential for delay is identified at the earliest opportunity.

39. The Board recommends that the Steering Committee assign responsibility to Under Secretary Generals for meeting project requests for subject matter experts in their respective business areas within four weeks.

5. Costs and budgets

Resource requirements

40. In April 2008, the Administration presented an initial anticipated project cost for Umoja of $248.3 million, which was subsequently approved as the project budget.[13,14] Since then the anticipated cost has increased to $315.8 million (**Table 4**).

Table 4: The anticipated cost of the Umoja project

Date	Report	Anticipated project cost ($ millions)	Audit Observations
Apr 2008	Information and communications technology. Enterprise systems for the UN secretariat worldwide (A/62/510/Rev.1)	$248.3	Administration requested additional funding of $37.3 million for a contingency provision. ACABQ rejected the request. Subsequent anticipated costs do not include a project contingency.
Oct 2009	1st annual Umoja progress report (A/64/380)	$315.8m	Increased cost due to request for an additional 36 project posts and an increase in travel costs to support instructor-led training rather than the train-the-trainer approach originally proposed.
Sept 2010	2nd annual Umoja progress report (A/65/389)	$315.8m	Anticipated cost unchanged but a redistribution of resources from contractual services to support the creation of an additional ten posts is proposed.
Sept 2011	3rd annual Umoja progress report (A/66/381)	$315.8m	Anticipated project cost unchanged despite decision to phase Umoja to facilitate IPSAS implementation and a two year project delay.

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[13] Information and communications technology. Enterprise systems for the UN secretariat worldwide (A/62/510/Rev.1)
[14] In accordance with the existing cost-sharing formula Umoja is being funded through the regular budget (15 per cent), the support account for peacekeeping operations (62 per cent) and extra budgetary resources (23 per cent).

41. The Administration[15] has reported that Umoja's anticipated cost has not increased at all despite the timeline for completing the project being extended by two years. The Board has serious concerns, however, that the Administration has not reported the total cost impact of the project delay and IPSAS supportive phased implementation approach for the following reasons:

42. In the first project progress report the Administration estimated that adopting a phased approach to support IPSAS implementation would increase costs by $84.1 million to $399.9 million.[16]

- The Administration rejected the IPSAS first approach on the basis that *'the overall cost was estimated to be far higher owing to doubling of effort in build and implementation, as well as significant re-work and re-training required to integrate second-phase functions'.*

- The Board has seen no evidence that due consideration was given to the cost impact, in terms of direct project costs or delayed benefits, when the decision was made to structure the project phasing in order to support IPSAS.

43. The Umoja team's August 2011 project cost estimate of $368.1 was reduced to $315.8 million prior to publication of the third annual progress report with no evidence to support the reduction.

- The Umoja team's initial estimate for the project cost under the phased 'IPSAS first' approach, was $368.1million. The Steering Committee considered this figure to be unacceptably high and requested that the anticipated cost be reduced to $315 million. To achieve the reduction, the Administration has reduced annual resource requirements, between 2012 and 2015, for travel, consultants and experts, contractual services, and supplies and materials by between 15 and 57 per cent respectively. The Board could not find any evidence to justify the reductions made to the figures.

Staff training budget

44. The first progress report identified that comprehensive training of end-users would be a critical factor in the success of Umoja. It stated that a key lesson learned from other ERP implementations within the United Nations was the extent to which success is tied to human factors that can only be addressed by direct engagement between experts and the user community. It also stated that *'for ERP implementations, particularly those that require substantial organisational change, over-reliance on 'viral' training approaches[17] often results in organisational trauma, lost productivity, and escalating support costs. The substantial hidden costs of attempting to 'train on the cheap' make it an expensive and risky proposition that can compromise the entire effort. Instead, Umoja will pursue a robust, cost-effective training strategy that involves users early, employs United Nations staff as full-time trainers whenever possible, utilizes computer-based training where practical, and has at its core effective, role-based classroom training for all users of the*

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[15] 3rd annual Umoja progress report (A/66/381)
[16] The estimated cost for the phased approach in the first progress report appears as $377.9 million, but this excludes expected expenditure of $20 million in the biennium 2008-2009.
[17] Directly training only a few users from each area and then requiring this small group of new users to teach the bulk of the users back in their home offices.

new solution.'

45. The original estimate of the training costs for Umoja in April 2008 was $37 million.[18] When the overall resource requirements for the project were subsequently increased by $67.5 million in 2009, one of the explanations for this increase was an increase in travel costs to support instructor-led training versus the train-the-trainer approach originally proposed. At that point the Administration's intention was to train 44 per cent of the estimated 40,890 United Nations staff in classrooms.

46. The projected training costs for Umoja as at 24 September 2011 had been reduced to $7.4 million to help compensate for the increase in costs due to the phased implementation. The Administration asserts that this reduction in the training budget has been achieved by reducing the number of staff that will be trained in classrooms to between 12 and 16 per cent, and by providing training in clusters rather than at each duty station.

47. We consider that that the revised training approach is likely to:

- Reduce the quality and effectiveness of the training by reverting to a train the trainer approach.

- Increase travel costs to the business. Though the cluster training approach will lead to reduced travel costs for the Umoja project, because trainers will no longer be required to travel to each duty station, business costs will increase by a much greater amount as large number of staff will now need to travel to the training venues and be accommodated there.

- Increase costs in the long term in terms of additional support costs and a need to offer retraining. These risks were identified by the administration when it requested additional funds for training in 2009.

- Deliver less effective training, jeopardising staff acceptance of the project and benefits realisation.

Associated costs

48. The Administration did not identify significant 'associated costs' related to the Umoja project at the business case stage and such costs are not included in the anticipated final cost of the project or within departmental budgets. For example costs for data cleansing, user testing and data archiving are not factored into the Umoja budget. The absence of a complete estimate of total project costs has the potential to lead to project delays, scope reduction, and requests for additional funding from Member States.

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[18] Information and communications technology. Enterprise systems for the UN secretariat worldwide (A/62/510/Rev.1)

49. The Administration is now undertaking a detailed analysis of the 'total cost of ownership' of Umoja which it plans to complete in the first quarter of 2012. The Board notes that the planned analysis excludes the costs of staff time associated with receiving Umoja training, or system maintenance costs which the Administration expects to be met by the user community from 2014 onwards.

50. If Umoja is to be delivered on time and budget the business needs to commit to prioritise preparatory activities such as data cleansing and user testing. Until there is clarity over the allocation of associated costs and when they will be incurred, however, the business cannot begin to make preparations.

Expenditure to date

51. The third progress report stated that actual and expected project expenditure by 31 December 2011 would total $121.3 million. This represents an underspend of $74 million against the expected expenditure set out in the second progress report (**Table 5**). The Administration does not analyse what project deliverables should have been achieved in return for the spend to date, however, and is therefore unable to demonstrate whether the project is under or over budget.

Table 5: Variance in projected expenditure by 31 Dec 2011 as set out in the second and third progress reports (thousands of United States dollars)

Object of expenditure	Second progress report	Third progress report	Variance
Posts	23,931.3	16,662.7	-7,268.6
Other staff costs	28,333.3	10,684.4	-17,648.9
Consultants and experts	3,331.2	1,123.5	-2,207.7
Travel of staff	8,518.0	2,646.4	-5,871.6
Contractual services	95,179.8	56,040.4	-39,139.4
General operating expenses	13,345.9	8,957.6	-4,388.3
Supplies and materials	174.5	902.0	727.5
Furniture and equipment	22,534.2	24,318.5	1,784.3
Total	195,348.2	121,335.5	-74,012.7

Source: A/65/389, Table 4; A/66/381, Table 3

52. The Board recommends that the Administration commission an urgent independent review and reworking of the budget to ensure that it is realistic and fit for purpose. The budget should have clear ownership linked to authority and responsibility, and include risk adjustment to address areas of uncertainty and allowance for optimism bias.

53. The Board reiterates its earlier recommendation that the Administration break down the budget for the project by both phase and cost line (for example, business change), with cost reported against how much of the budget and time should have been spent, in relation to the amount of work completed.

54. The Board recommends that the Administration clarify the allocation of associated costs as a matter of urgency following the completion of the total cost of ownership analysis to give business owners as much time as possible to make preparations to meet these costs.

55. The Board recommends that the Administration provides the Board, in advance of its next audit, with an analysis of (a) the basis for the reductions identified by the Board in the summary sheet of the budget estimate that underpinned the figures contained within Table 6 of the third progress report (A/66/381); and (b) how it now expects to use the funds previously allocated to staff training.

6. Business change

56. A key objective of Umoja is to simplify a wide range of administrative practices and provide the United Nations with streamlined service delivery. A first step on this process is to re-engineer processes in collaboration with the relevant business owners, but to affect business change and to realise the benefits business owners need to develop and implement plans for how streamlined processes will allow them to use fewer resources or redirect existing resources.

Design and acceptance of new business processes

57. Through Umoja 331 business processes are to be re-designed, with each process required to be reviewed and accepted by the relevant business owner. Completion of the design phase has been delayed primarily due to the failure of the business to release subject matter experts to validate the redesigned processes. By 9 October 2011, 231 processes had been released for approval, of which 143 had been approved and 6 rejected. Only four processes had been approved since May 2011. The Board's analysis of Umoja acceptance data indicates that the average acceptance time for processes was 17 weeks, while the average age of those processes not yet accepted was 21 weeks.

58. On 12 October 2011, the Administration reported to ACABQ that the final design for all processes comprising Umoja Foundation was complete.[19] The Board notes, however, that at the time of its audit only 62 of 131 Umoja Foundation processes had been accepted by the relevant business owners, and some had yet to be released (Appendix 3). Eighty of these processes are finance processes, many of which are interdependent. As a result, rather than reviewing processes in isolation, relevant business owners have been waiting to instead review "end-to-end" packages of cross-functional processes. The Administration advised ACABQ that the initial design for all unapproved Umoja Foundation processes is complete and that they would be released shortly for acceptance. The Administration also stated that it anticipates faster acceptance of these processes and has developed an action plan to support achievement of this objective.

Engagement with user community

59. Substantial investment in change management throughout an organisation is an essential condition for the successful implementation of an enterprise resource planning (ERP) system. The Secretary-General's first progress report identified that proper investment in change management reduces project risk, maximises acceptance of the new system, minimises organisational cost and disruption during implementation and helps to ensure the realisation of benefits in the shortest possible timeframe.

60. The Umoja team has developed tools such as Umoja Net to support business change activities and has put considerable effort into engaging with business owners. Between July 2010 and July 2011, 662 United Nations staff attended general outreach sessions designed to educate stakeholders about Umoja. This is well short of the 40,890[20] United Nations staff that the Administration estimates will use Umoja once it is implemented. To date only 1.6 per cent of United Nations staff expected to use Umoja have attended an outreach session.

61. The Administration reported that staff in offices away from headquarters accounted for 52 per cent of participation at Umoja events between July 2010 and July 2011. During our audit work at UNON, UNEP, UN Habitat offices we sought to establish the level of local engagement with and awareness of Umoja. We found:

- good general awareness and knowledge of Umoja in terms of its original intentions and plans;

- a view that there had been good initial communication from New York, but that in the last year the level of engagement had become very poor;

- concern that the absence of information on progress, particularly on which systems and processes are included within the scope of Umoja, was holding up local planning including the estimation of local 'associated costs';

- a lack of engagement in the estimation of costs and forecast benefits; and

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[19] Additional information requested by the Advisory Committee on Administrative and Budgetary Questions on the report of the Secretary General on Umoja (12 October 2011)

[20] Additional information requested by the Advisory Committee on Administrative and Budgetary Questions on the report of the Secretary General on Umoja (12 October 2011)

- confusion as to whether headcount reductions will be required as a result of the implementation of Umoja.

62. The Board requested that the Office of Internal Oversight Services (OIOS) undertake some work on its behalf during its audit work at the MONUSCO, UNAMI and UNAMID missions. OIOS found that in each mission there was no project team for Umoja, no focal point for Umoja, and no defined leadership or accountability for delivering Umoja locally. The staff interviewed at these missions reported:

- a lack of awareness of Umoja;

- a lack of involvement in the development and validation of new business processes;

- a lack of involvement in the calculation of Umoja's projected benefits; and

- a lack of clarity about the potential local costs of Umoja.

63. The Board is concerned that there is insufficient awareness of and engagement with Umoja amongst United Nations staff. Although efforts have been made to engage with staff at headquarters and in other offices, there appears to be a lack of ownership over business change and limited awareness of what will be expected of staff if Umoja is to be implemented successfully. The Board considers there to be an urgent need to increase the level of engagement with the business in the lead up to Umoja Foundation being piloted and rolled out in 2013. The Board will examine further the project's stakeholder management capacity during its next audit in March.

Accountability for delivering business change

64. Clear accountability and ownership of business change is required if the potential benefits of Umoja are to be realised. The Board's previous management letter identified that there was a lack of clarity as to who was ultimately accountable for the delivery of business change. The business owners had no business change plans of their own and it was not clear whether the business areas would be driving the change themselves or if the Umoja team would be driving the change for them. The Umoja team is undertaking much of the business change work when more of this should be done by the business itself. It is not possible for a central programme team to deliver all of the change required across the United Nations. In addition, for the Umoja team to even attempt to do so it would need to have the appropriate authority and be considerably larger than its planned size of 90. The Board's view is that there is also a need for greater senior management sponsorship of business change activities if the level of change expected by Umoja is to be successfully delivered across the Global Secretariat.

65. The Board recommended that the Administration assign clear responsibility to business owners for the successful delivery of change in their business area, with support from the Umoja team, and that the responsible business owners develop plans to affect the necessary changes (for example, the assignment of roles and responsibilities within new processes, and determining training requirements). In its response the Administration stated that it would assign responsibility for business change to the relevant business owners in December 2011, and that change plans for Umoja Foundation would be developed by June 2012.

66. During the Board's November 2011 audit, the Umoja team reported that it had developed change plans but had not yet engaged with business owners on these because they did not want to begin mobilising a large number of United Nations staff until there is greater certainty about the timing of individual deployment dates for the system. As part of developing the change plans the Umoja team plans to undertake an impact analysis - a methodology which involves examining the current business system to determine how the new system will affect the business environment. The Umoja team's view was that undertaking the impact analysis at an earlier stage could have resulted in wasted effort. The Board will follow up on the assignment of responsibility for business change and the status of business change plans during its next audit.

67. The Board recommends that the Administration set out how its revised approach to staff training will mitigate the risks identified in the first progress report on Umoja to ensure that reduced expenditure on training will not lead to increased support costs and the need to re-train staff.

68. The Board recommends that, following the assignment of responsibility for delivery of business change to business owners in December 2011, the Administration (a) delegate responsibility for overseeing the development of business change plans to a senior level sponsor on the Steering Committee; and (b) that the Steering Committee monitor progress with the development of business change plans for Umoja Foundation on a monthly basis to ensure they are complete by the target date of June 2012.

69. The Board recommends that the Administration develop a timetable which clearly states when responsibility for delivering the business change for Umoja Extension will be assigned to business owners, and by what date it expects business change plans to have been developed for this phase of the implementation of Umoja.

7.   Project governance

Succession planning

70. It is important to have a succession plan in place to limit the impact on the project in terms of loss of knowledge, delayed decision making and project progress should senior members of the project team depart at short notice.

71. The Umoja project director left his post in June 2011. The Steering Committee could not reach a consensus on an internal candidate at the Secretariat and broadened the search to include agencies, funds and programmes. At the conclusion of our audit on 18 November 2011 the post remained vacant. In the interim, an Umoja project team member has taken on the responsibilities of the project director in addition to his other duties. While there is considerable support for the Officer in Charge among the Umoja team, the delay in appointing a new project director is creating uncertainty at a critical stage of the project.

Risk management

72. Successful delivery of IT-enabled business change requires key risks to be identified, assessed and action taken to address them. We reviewed three iterations of the risk

register presented to the Steering Committee between May and August 2011 and identified a number of weaknesses in these risk registers, including:

- a lack of assigned ownership or accountability for the risks identified;

- the absence of any statement or quantification of the probability and potential impact of the risks identified; and

- a focus on actions required to tackle issues arising from risks that had already materialised rather than on actions required to mitigate risks in order to prevent them from arising in the first place.

Lack of project ownership

73. A single Senior Responsible Owner, who is ultimately accountable for the project, is regarded in the professional project management community as an essential prerequisite to successful delivery. In its previous management letter the Board recommended that a Senior Responsible Owner with the requisite authority to drive Umoja forward be appointed. In its response the Administration stated that the recommendation had been implemented, citing the changes which it made to project's governance structure on 16 June 2011, following the resignation of the Under-Secretary-General for Management as Chair of the Umoja Steering Committee. The changes are set out in **Appendix 1**, in summary:

- Previously the project director reported directly to the Under-Secretary-General for Management in their capacity as Chair of the Steering Committee and to the Chief Information Technology Officer (CITO) on day-to-day project management and technology issues.

- Now the project director reports directly to the Assistant Secretary-General, Chief Information Technology Officer (CITO), who is now responsible for guiding 'the management of Umoja on behalf of the Steering Committee'. The Deputy Secretary-General is now Chair ad interim of the Umoja Steering Committee; the Chef de Cabinet is a new member of the Committee; and the Office of Legal Affairs and the Office of Internal Oversight Services attend in an observer capacity.

- The Administration reported to ACABQ that a further decision will be made on the Umoja governance structure once a new project director is in place.

74. The Administration's rationale for changing the governance structure was to accelerate progress and establish full accountability and clear lines of responsibility. While the Board recognises that the Steering Committee has taken a number of significant decisions since its last audit in April 2011 (for example, re-phasing the project timetable, adjusting the governance structure, and increasing the monitoring of interdependencies with IPSAS), it is of the view that key decisions are also not being made quickly enough (for example, the timeline for the solicitation of the build contract has already been amended) and progress against the revised timeline is already being put at risk. The Board is also concerned that there remains no single Senior Responsible Owner for the project and a continuing lack of clarity as to who is ultimately accountable for driving the project forward.

75. The Board is concerned that despite changes to the governance structure of Umoja the root causes of delays to the project are still not being addressed effectively. We consider that there is a need for greater senior management ownership of key project issues, such as increasing project staffing levels, reviewing the service delivery model for the Global Secretariat, and tracking progress against the project timetable.

Project management

76. For Umoja to be delivered on time and budget a number of complex concurrent project tasks need to be completed in a timely and orchestrated manner, and the systems integrator contract will have to be tightly managed. The Board notes, however, that the Umoja project management office is significantly understaffed and consists of only the officer in charge. While a revised project management office structure has been prepared, approval of this structure is being delayed pending the completion of the review of the structure of the Umoja team.

77. **The Board reiterates its earlier recommendation that the Administration appoint a single Senior Responsible Owner for the project with the requisite authority to drive Umoja forward and remove inhibitors to project progress.**

78. **The Board also recommends that the Administration (a) urgently appoint a project director and finalise its revisions to the project's governance structure; and (b) identify key project tasks and appoint a member of the Steering Committee as executive sponsor with accountability for completion of each task.**

79. **The Board also recommends that the Administration review the staffing of the project management office to ensure that there is sufficient capacity to effectively manage the systems integrator contract and the large number of complex concurrent tasks that need to completed for Umoja to be delivered successfully.**

80. **The Board recommends that the Umoja team identify the risks to the project and quantify their potential impact in on cost, potential benefits foregone, and the project timetable. Each risk should be owned by senior staff, reflecting the potential impact and likelihood of the risk arising, and be monitored regularly as part of the ongoing budgeting and resourcing arrangements.**

8.   Technical system design

81. Multiple parties are responsible for delivering different interdependent parts of the project,[21] with the performance of one party impacting upon another party's ability to deliver. While these parties are working towards an agreed technical design, there remains a lack of clarity regarding who is ultimately accountable for the performance of the Umoja system once it is implemented.

82. The role of a systems integrator is to take a number of IT components (for example, software, systems, and hardware) and join them into a solution to meet a particular

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[21] Technical resources are being provided by multiple parties (Umoja team, United Nation IT function(s), and external assistance such as PricewaterhouseCoopers) in developing non-functional requirements for the system (such as system speed and capacity).

client's requirements. In ERP implementations the client will often seek the advice of their systems integrator in the procurement of such key components, or ask them to undertake the procurement on their behalf, which therefore pushes accountability for the components working together to deliver the desired outputs firmly onto the systems integrator.

83. In the case of Umoja the Administration is in the process of contracting a systems integrator for the build of Umoja Foundation but has already procured its software (SAP). This approach has benefits in that it avoids any potential conflict of interests in having the systems integrator involved in the selection of the software provider and gave the Administration sole discretion in their selection. It also created a risk, however, in that it will now be more difficult to strike an output based contract with the systems integrator for the implementation stage and to make them responsible for any aspect of system performance attributable to SAP. The procurement of SAP independently from the systems integrator therefore means that the Administration is accepting the majority of the risk with regards to the performance of the system. These risks include:

- the software not working as expected or having elements that are incompatible with the United Nations' current technical infrastructure; and

- the United Nations' network not being able to support the new software (capacity and reach).

84. The Board previously recommended that the Administration should identify and assess all the relative risks, costs and benefits of different procurement strategies for the build and implementation stage of the project. Having undertaken an evaluation of the options available, the Administration has decided to procure a fixed price contract[22] for the build of Umoja Foundation, which the third progress report indicates will cost around $30 million. The Administration's 12 October 2011 submission to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) stated that this amount would cover:

- SAP system build, development, testing and deployment of the Umoja Foundation scope;

- System build, development, and testing of the Umoja HR solution; and

85. Although the Administration is procuring a fixed price contract, it expects the contract to include some allowance (up to 30 per cent) for use of time-and-materials for as yet undefined requirements.[23] We note that the Administration remains committed to delivering Umoja with minimal customisation of SAP which should help to contain costs; but while the Administration identified 3,810 business requirements to select the software in 2008, the Umoja processes currently satisfy over 7,000 requirements (an increase of

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[22] Fixed price contracts are usually negotiated when reasonably definite specifications are available and costs can be estimated reasonably accurately. The price of the contract will not normally be subject to any adjustment unless certain provisions (such as contract change) are included in the agreement. A fixed price contract subjects the contractor to the maximum risk arising from full responsibility for all cost escalations.
[23] Under a time and materials contracts a contractor is paid on the basis of actual cost of direct labour (usually at specified hourly rates), actual cost of materials and equipment, and fixed add-ons to cover overheads.

over 80 per cent). This increase was driven by business users, without detailed consideration of the likely impact on the project timetable or costs, and in the absence of any change control function for the project. The third progress report identified the growth in requirements, as the user community realised the software could enable more comprehensive functionality than originally anticipated, as one reason for the delay to the project. The Board will examine the basis for the growth in requirements during its next audit In March.

86. As Umoja enters the build phase and a contract is agreed with a systems integrator for the build of Umoja Foundation, it is vital that changes to the scope and processes are tightly controlled to avoid cost increases and further delays. The Administration stated in the third progress report that it intends to introduce a change control mechanism responsible for reviewing and approving changes, additions and deletions to the Umoja Foundation scope. The Board also notes that the project will need contract management capability with a commercial focus to ensure that risks and contractual responsibilities are clearly identified, apportioned and understood by all parties and that interdependencies are properly managed. The Board will examine these issues during its next audit in March.

87. The Administration has identified that there will be a need to develop some interfaces between Umoja and business critical legacy systems such as IMIS and SUN, especially in support of the roll-out period. The Assistant Secretary-General, Chief Information Technology Officer (CITO), advised the Board that interfaces to legacy systems would be developed in-house by utilising the Administration's approximately 4,000 IT staff. The Board notes that it is vital that Umoja delivers the Adminstration's desired level of data security. The Board will examine legacy management plans and the appropriateness of the UN infrastructure for running multiple systems on multiple platforms during its next audit in March.

88. **The Board recommends that the Administration introduce, as indicated in the third progress report, change control mechanisms for Umoja. For these mechanisms to be effective there must be clear lines of accountability and reporting to ensure that any planned changes to the Umoja requirements or processes which will have an impact on the project's scope, timeline, and budget are escalated to the Steering Committee for approval.**

9. International Public Sector Accounting Standards (IPSAS) and Umoja

89. The audit team will review progress on joint working arrangements between the Umoja and IPSAS teams at its next audit in Spring 2012.

C. Acknowledgements

90. We wish to express the Board's appreciations for the cooperation and assistance extended by you and your staff to the audit team.

End of letter.

D. Appendices

1. Revisions to the completion date of the Umoja project.

Document date	Document name	Project completion date.
April 2008	Information and communications technology. Enterprise systems for the UN secretariat worldwide (A/62/510/Rev.1 para 40 fig II)	Project completion set for **end of 2012.**
Oct 2009	First Umoja progress report (A/64/380)	Project completion slips to **end of 2013.**
Sept 2010	Second Umoja progress report (A/65/389 Figures I and II)	Project timetable revised to reflect completion date of **end of 2013.**
March 2011	Presentation by Umoja project director to management committee	Anticipated delay of 10.5 months in completion of design phase reported. At its interim audit in April 2011 the Board notes that the project timetable lacks clarity because the impact of the delay in the design phase on overall project completion has not been reported by the Secretary-General. The Umoja team decides not to report the impact of the delay on overall project completion until mitigating options have been developed.
May 2011	3rd annual Umoja progress report (A/66/381)	The Umoja Steering Committee decides to phase the implementation of Umoja to mitigate further delays in the project and support the mandate to implement International Public Sector Accounting Standards (IPSAS) by 2014.
Sept 2011	3rd annual Umoja progress report (A/66/381)	Revised implementation timetable agreed by the Steering Committee. Full deployment of Umoja now projected for the **end of 2015.**

2. Changes to the governance structure for Umoja

1. The figures below set out the governance framework for Umoja as reported in the second progress report dated 22 September 2010, and the revised governance framework set out in the third progress report dated 27 September 2011.
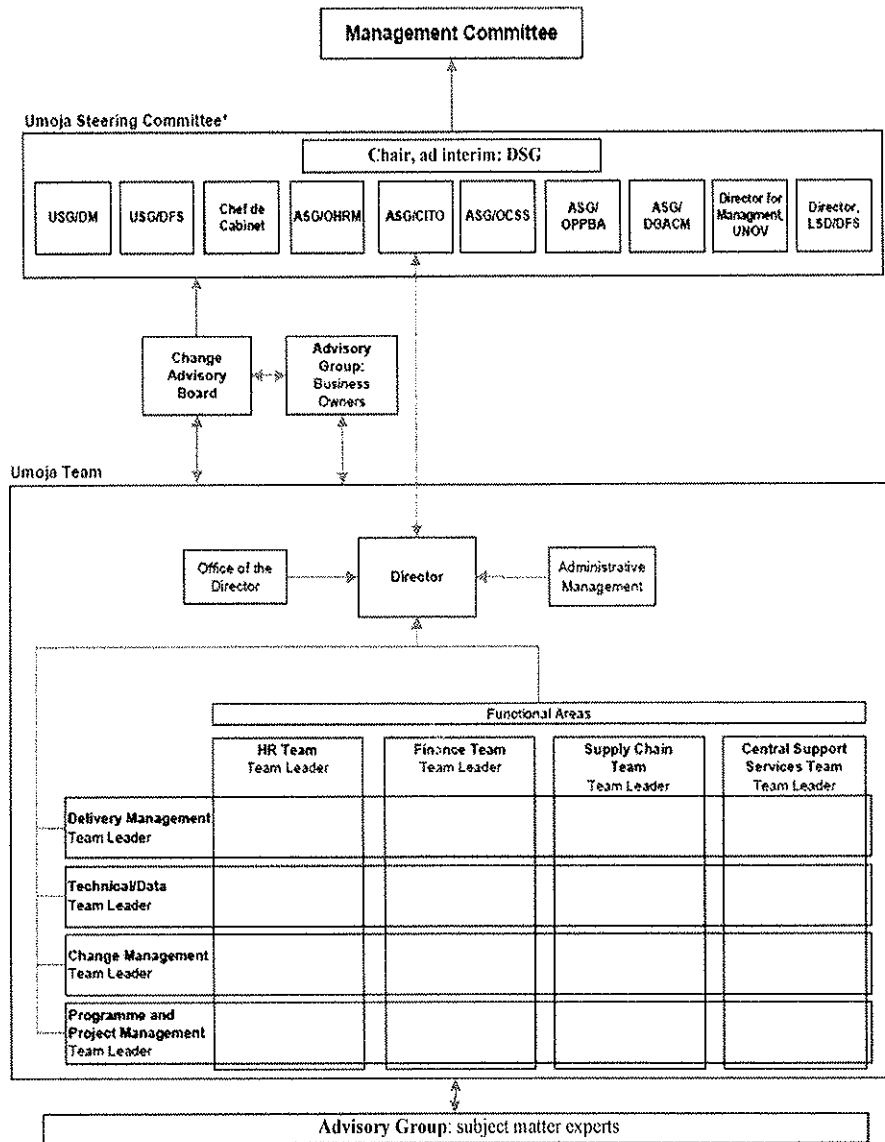
Umoja governance framework September 2010
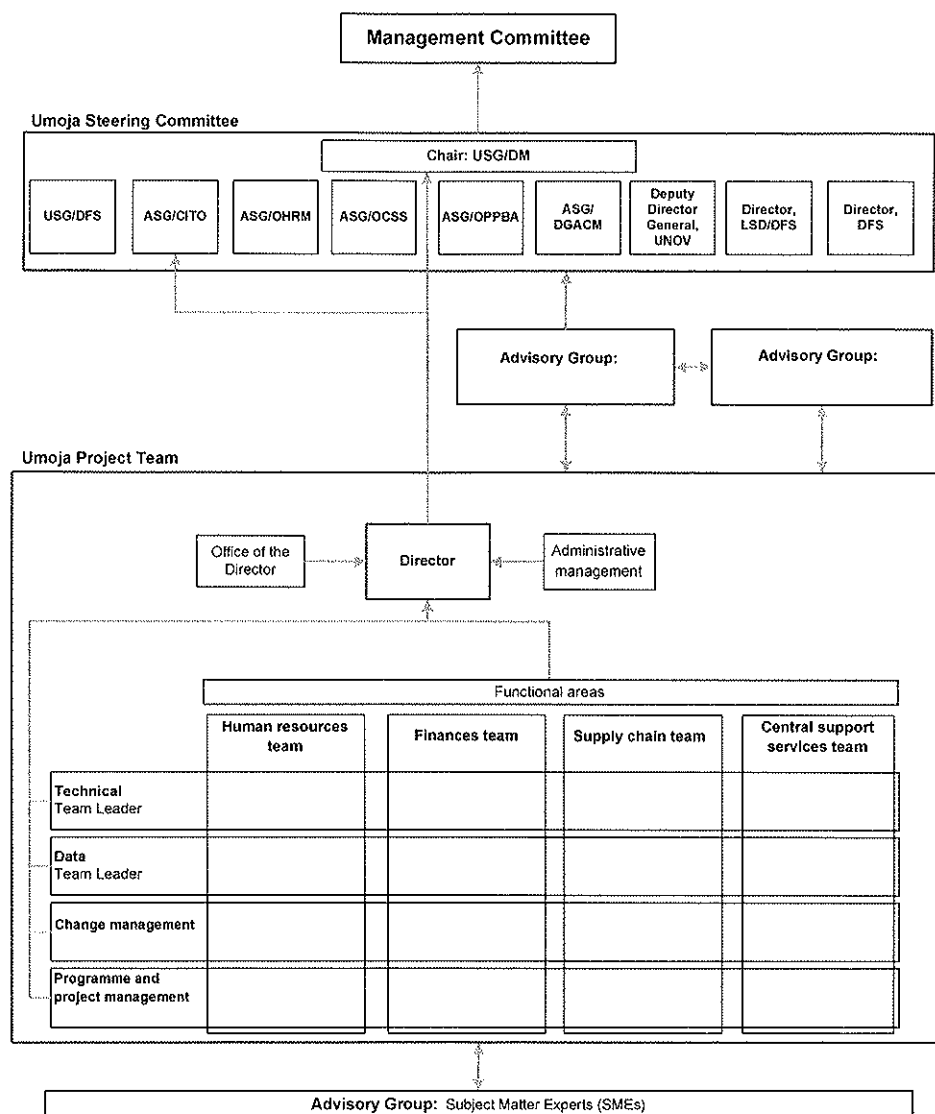
Abbreviations: ASG, Assistant Secretary-General; CITO, Chief Information Technology Officer; DFS, Department of Field Support; DGACM, Department for General Assembly and Conference Management; DM, Department of Management; LSD, Logistics Support Division; OCSS, Office of Central Support Services; OHRM, Office of Human Resources Management; OPPBA, Office of Programme Planning, Budget and Accounts; UNOV, United Nations Office at Vienna; USG, Under-Secretary-General.

Source: A/65/389 Annex III

Umoja governance framework September 2011

Abbreviations: ASG, Assistant Secretary-General; CITO, Chief Information Technology Officer; DFS,

Department of Field Support; DGACM, Department for General Assembly and Conference Management; DM, Department of Management; LSD, Logistics Support Division; OCSS, Office of Central Support Services; OHRM, Office of Human Resources Management; OPPBA, Office of Programme Planning, Budget and Accounts; UNOV, United Nations Office at Vienna; USG, Under-Secretary-General.

*The Office of Legal Affairs and the Office of Internal Oversight Services have observer status.

Source: A/66/81Annex I

3. Status of Umoja processes as at 4 November 2011

Umoja Foundation

Acceptance status	Project workstream					
	Central support services	Finance	Human resources	Programme and project management	Supply chain	Total
Not released		16		1		17
Pending action	1	40			3	44
Partially accepted				2		2
Accepted	12	18			32	62
Rejected		6				6
Total	13	80		3	35	131

Umoja Extension 1

Acceptance status	Project workstream					
	Central support services	Finance	Human resources	Programme and project management	Supply chain	Total
Not released			1[a]			1
Pending action		8	16			24
Partially accepted						
Accepted			42			42
Rejected						
Total		8	59			67

Note a: technical process not requiring release and acceptance.

Umoja Extension 2

Acceptance status	Project workstream					
	Central support services	Finance	Human resources	Programme and project management	Supply chain	Total
Not released		44		8		52
Pending action	19	3			6	28
Partially accepted				5		5
Accepted	18	1			29	48
Rejected						
Total	**37**	**48**		**13**	**35**	**133**

Source: Umoja team