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FINANCE COMMITTEE

Hundred and Fifty-first Session

Rome, 11-15 November 2013

Progress Report on the Global Resource Management Programme

Queries on the substantive content of this document may be addressed to:

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EXECUTIVE SUMMARY

- This document provides a status report on progress made by the Global Resource Management Programme during the period February to August 2013 and plans for the period from September to December 2013. The status report covers the following components of the Programme:
 - Global Resource Management System (GRMS) Deployment (IPA action 3.42)
 - GRMS Post-Implementation Support
 - FAO Manual (IPA action 7.22)
 - IPSAS Implementation (IPA action 7.24)
- Key achievements during this reporting period included the completion on schedule of the deployment of GRMS to decentralized offices and related replacement of the legacy Field Accounting System (FAS), as per IPA action 3.42. Following completion of the deployment activities the GRMS team has handed over responsibility for activities relating to post-implementation support to the Information Technology Division (CIO).
- During the reporting period significant progress was made by the CIO post-implementation support team to address worldwide system stabilization issues and deliver a number of system enhancements to support business processes.
- A work plan was compiled for the second half of 2013 and endorsed by the established GRMS governance mechanism. The plan includes a number of deliverables pending from the GRMS programme as well as new initiatives to support Organizational reform initiatives. The planned work is on track for deployment by end of 2013.
- The overhaul of the FAO Manual has been resumed with a stronger focus on process streamlining. The technology for the new online FAO Manual has been selected and a prototype has been completed. During this period significant work was also completed to update the Financial Rules section of the Manual Section. The project is on track to be completed by the end of 2013.
- Activities in support of IPSAS implementation are progressing according to plan.
- Plans have been defined for 2014-15 to realise additional benefits. These focus on three strategic areas: the Human Resources Strategy Framework; process monitoring and streamlining; and results based management. Funds will be allocated by the Capital Expenditure Management Board before the end of 2013.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Committee is invited to take note of the information presented in this document.

Draft Advice

- **The Finance Committee reviewed document FC151/13 which provided a status report on progress made by the Global Resource Management Programme during the period February to August 2013 and plans for the period from September to December 2013.**
- **The Committee welcomed the successful completion of the deployment of the Global Resource Management System (GRMS) to FAO offices worldwide as planned and noted the actions taken to address and monitor the capacity gaps and associated risks in decentralized offices identified by the Office of the Inspector General.**
- **The Committee noted the transition from the GRMS programme to on-going operations that took place on 1 July 2013 and the successful efforts in ensuring stability of the deployed system.**
- **The Committee noted the extra work required to deliver additional GRMS**

functionalities as part of the 2013 work plan.

- **The Committee noted that work had recommenced on the project to overhaul the FAO Manual and was on track to be completed by the end of 2013.**
- **The Committee noted that activities to support IPSAS implementation were proceeding according to plan with the first set of IPSAS-compliant Financial Statements scheduled to be prepared for financial years commencing 1 January 2014, and noted the plans for 2014-15 to deliver additional benefits.**

BACKGROUND

1. At its 148th Session in March 2013, the Finance Committee reviewed the progress report on implementation of the Global Resource Management System (GRMS) Programme for the period November 2012 to January 2013 and plans for the period February to June 2013.
2. Based on its review of the progress presented, the Committee:
 - requested the Secretariat to continue to monitor the capacity gaps and the risks identified by the Office of the Inspector General;
 - requested the Secretariat to also provide further details of the post implementation arrangements and costs, including in the Capital Expenditure chapter presented in the proposed Programme of Work and Budget 2014-15.
3. Following discussion at the Joint Meeting of the 112th Session of the Programme Committee and 147th Session of the Finance Committee in November 2012, the Council, at its 145th session:
 - requested that IPA action 7.22 relating to overhaul of the FAO Manual be implemented with an approach similar to the one adopted by the Mexican Government on more effective public service management;
4. This document provides a status report on progress made by the Global Resource Management Programme during the period February to August 2013 and plans for the period from September to December 2013. The status report covers the following components of the Programme (and the related IPA action):
 - GRMS Deployment (IPA action 3.42)
 - GRMS Post-Implementation Support
 - FAO Manual (IPA action 7.22)
 - IPSAS Implementation (IPA action 7.24).

GRMS Deployment

5. Significant progress was made between February and June 2013. Key points of interest for the Finance Committee include:
 - In order to address capacity gaps and risks identified by the Office of the Inspector General, a number of mitigating actions were taken to minimise their impact, including the setting up of end user support systems, processes and structures. The deployment approach was also refined following the pilots to give a stronger emphasis to onsite, on-the-job training instead of classroom training.
 - The first of the three deployment waves to decentralized offices was completed in early March 2013.
 - The second and third deployment waves followed the same approach as the first wave, reflecting the positive feedback received for the onsite, on-the-job approach. The second and third waves were completed on schedule.
 - The new GRMS system is now operating in 108 decentralized offices and has replaced the legacy Field Accounting System (FAS) with IPSAS-compliant systems and processes, in line with IPA action 3.42 which has been marked closed as at 30th June 2013.

GRMS Post-Implementation Support

6. Following completion of deployment activities, the GRMS team handed over responsibility for activities relating to post-implementation support to the Information Technology Division (CIO) with effect from July 2013.
7. Regional Offices continue to monitor the offices in their regions and are providing additional support and follow-up missions where necessary while divisions within the Corporate Services, Human Resources and Finance Department (CS) are monitoring each process area in order to highlight

any problems. The Office of the Inspector General (OIG) continues to review the performance of decentralized offices as part of its regular programme of work. Audit coverage is being adjusted to consider GRMS implementation in the post-deployment phase.

8. Key progress made between July and August 2013 included:
 - GRMS was deployed to the FAO representation in the Democratic People's Republic of Korea in July 2013. This was an outstanding deployment action that could not be completed by the close of the programme on 30 June 2013.
 - As part of an updated release of the GRMS, a number of planned enhancements in the area of duty travel and NSHR were delivered together with fixes that addressed a number of reported issues.
 - Support was provided to the IPSAS first rehearsal, including testing activities prior to production implementation of required functionalities.
9. The main activities planned between September and December 2013 include:
 - Completion and deployment of the entitlement travel solution and NSHR functionalities.
 - Delivery of outstanding IPSAS compliance system components.
 - Implementation of Electronic Funds Transfer functionality in additional countries.
 - Support to HR reform initiatives.
 - Increased stabilization of the deployed solution through monthly system updates.
 - Support to the implementation of a selected number of streamlining opportunities

FAO Manual

10. The FAO Manual project was restarted in June 2013 following the request made by the 145th session of Council in December 2012. This project will also help to consolidate the policies and procedures relating to the new GRMS system during the post-implementation period and will have a stronger emphasis on process streamlining. It will apply an approach similar to the one adopted by the Mexican Government, consolidating and simplifying information, providing easier access through a web-based platform, and defining a process for ongoing updates.

11. Key progress made between June and August 2013:
 - The technology platform for the new FAO Manual was selected at the end of June 2013.
 - A prototype of the new online FAO Manual was developed in July and demonstrated to key stakeholders, allowing the overall structure and look and feel to be finalized.
 - The Financial Rules section of the FAO Manual has been reviewed and significantly revised in order to: (i) update and revise FAO's Financial Rules (MS 202) to make them relevant to the operational realities of the Organization; (ii) bring key financial rules together in one place to make authoritative guidance on financial matters easier to find and therefore more useful and user friendly, including linking the Financial Rules to the related Financial Regulations and incorporating within the Financial Rules those rules currently only recorded in resolutions and decisions from Governing Body reports, Office Memoranda, Administrative Circulars etc; and (iii) ensure that the Financial Rules are updated for language to enhance clarity and consistency with other related documentation. This exercise included review of the Financial Rules and Regulations of other UN Organizations (including UN, UNDP, IAEA, WHO, ILO and WFP). The revised version of the Financial Rules is currently in the final stages of Senior Management clearance.
 - Review and validation of the content for the other Manual Sections is also progressing according to plan.
 - An initial set of process streamlining opportunities have been identified and are targeted for implementation by the end of 2013.

12. The main activities planned between September and December 2013 include:
- The validation and release of the FAO Manual content is expected to be completed by December 2013. In addition to overhauling the existing manual sections, a number of new sections will be created including an Information Technology section.
 - Divisions will be provided with the necessary tools and procedures before the end of the year, to allow the FAO Manual to be updated on an ongoing basis after the project closes.
 - A set of further process streamlining opportunities will be identified by December 2013, with outline business cases to allow these to be prioritized for implementation by the Organization during 2014-15.

IPSAS Implementation

13. Key progress made between February and August 2013:
- Work has continued on the remaining system deliverables required to support IPSAS compliance (reports, year-end processes and consolidation functionality).
 - The financial statement templates have been completed.
 - The External Auditors completed their review of FAO's accounting policies and technical memoranda.
 - The first dry run of stock taking procedures to support the valuation of inventory opening balances was completed as part of the deployment to decentralised offices.
 - The first dry run of the financial statements started in July and is underway. Statements are being prepared using data as at 30 June 2013.
14. The main activities planned between September and December 2013 include:
- Completion of the remaining IPSAS compliance system deliverables.
 - The preparation of financial statements as part of the first dry run.
 - A second dry run of stock taking procedures will be completed at all Decentralized Offices during September 2013. Staff from the Finance Division will be in attendance at those locations assessed to have significant inventory balances in terms of financial reporting materiality.
 - Transactions and data will continue to be monitored to ensure identification and cleansing of any discrepancies.
 - The Commissary and the Credit Union will be consolidated on an ongoing basis through to the end of the year to ensure that they are able to provide IPSAS-compliant information.
 - The ongoing review of Trust Fund contracts for revenue recognition will be completed.
 - Accounting policies and technical memos will be revised to reflect comments and observations provided by the External Auditor Revision during his review.
 - At the end of December 2013, the year-end closure will be completed to allow the generation of opening balances for 2014.

Programme Governance

15. As part of the handover of GRMS post-implementation support activities to CIO at the end of June 2013, a GRMS Steering Group has been established with responsibility for prioritizing GRMS-related efforts post-deployment. The Steering Group is chaired by the Assistant Director General ad-interim of the Corporate Services, Human Resources and Finance Department.

16. The Programme Executive Board will continue to meet with a focus on its governance responsibilities for the IPSAS implementation project and follow-up on country-level deployment issues.

Programme Budget

17. The programme budget is funded principally from the Capital Expenditure facility (CapEx). The total 2011-13 approved programme budget is USD 38.5 million. In 2011, USD 10.0 million of the

approved programme budget was spent (USD 6.4 million under CapEx and USD 3.6 million under Functional Objectives X and Y). In 2012, USD 17.0 million of the approved programme budget was spent (USD 13.7 million under CapEx and USD 3.3 million under IPA action 7.25). During the period from January to August 2013 approximately USD 7.3 million of the approved programme budget was utilised to deliver the activities foreseen in the programme.

18. Most of the remaining balance of USD 4.2 million is expected to be expended in 2013 on the resources required to provide post-implementation support. Under expenditures under the GRMS programme will be carried forward to 2014-15 as per established provisions of the Capital Expenditure facility. In addition to the above GRMS programme cost, expenditures of USD 7.9 million were incurred during the period 2007-2010 under the previous IPSAS project prior to its integration with the GRMS Programme in 2012.

Plans for 2014-2015

19. The availability of corporate systems in FAO offices worldwide for the first time presents an opportunity to start realising additional benefits related to the GRMS investment, particularly in decentralized offices. Three major strategic areas will be addressed in the coming biennium:

- Human Resources Strategy Framework: systems will be needed to support the new Competency Framework, Generic Job Descriptions and Performance Management. In addition new processes are being put in place in the Learning and Recruitment areas and need to be supported by system solutions. Finally, standard operating procedures will be needed in all areas to support the new framework.
- Process monitoring and streamlining: operational and administrative processes need to be further simplified and support needs to be provided in order to fully benefit from the newly deployed corporate systems, particularly in decentralized offices. For example, full implementation of Electronic Funds Transfers will further reduce processing times and costs; further support to the adoption of IPSAS processes and systems, particularly in country offices where capacity is low.
- Results based management: a project subledger needs to be designed and implemented in the corporate systems to provide an integrated and sustainable resource management framework. This will improve data quality and reduce processing times.

20. Funds will be allocated by the Capital Expenditure Management Board before the end of 2013 following the procedures recently established.