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REPORT OF THE EXTERNAL AUDITOR ON PREPAREDNESS FOR IPSAS AND WINGS II

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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for consideration.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

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National Audit Office

WORLD FOOD PROGRAMME

Report of the External Auditor on Preparedness for IPSAS and WINGS II

The National Audit Office (NAO), headed by the Comptroller and Auditor General of the United Kingdom, provides an external audit service to the World Food Programme (WFP).

The External Auditor has been appointed by the Executive Board in accordance with the Financial Regulations. In addition to certifying the accounts of the WFP under Article XIV of the Financial Regulations, he has authority under the mandate, to report to the Executive Board on the efficiency of the financial procedures, the accounting system, the internal financial controls and the general administration and management of WFP.

The aim of the NAO's audit is to provide independent assurance to the Executive Board; to add value to the WFP's financial management and governance; and to support the objectives of the Programme.

This report contributes to WFP's preparation of IPSAS-compliant financial statements by summarising lessons learned from our review of the interim statements covering the nine-month period January - September 2008.

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- The move to International Public Sector Accounting Standards (IPSAS) is critical not only for WFP but for the entire UN system.
- There has been commendable progress towards the implementation of IPSAS but there are significant issues which still need to be resolved and a lot of work which still needs to be done.
- Delays and changes in WINGS II also present challenges for the implementation of IPSAS which need to be addressed.

Introduction

1. Along with the rest of the United Nations system, WFP have adopted International Public Sector Accounting Standards (IPSAS) as the accounting and financial reporting basis for the organisation's financial statements. WFP intend to prepare the Programme's accounts for 2008 in compliance with these standards, as an early adopter before other UN organisations; and the audited financial statements for 2008 should be presented to the WFP Executive Board, together with the External Auditor's Report thereon, at its annual session in June 2009.
2. The upgrade of the WINGS accounting system is important to the effectiveness and reliability of future financial accounting and reporting under IPSAS and, as part of our programme of work for 2008-2009 communicated to the Executive Board (EB), we undertook to examine WFP's progress in project management with the design and application of WINGS II; to report to the February 2009 meeting of the EB on the extent to which WINGS II appears to be fit for purpose; and to provide audit observations for the EB as appropriate on progress with IPSAS implementation.
3. WFP has made considerable progress in managing what is a major change initiative in the transition to accounting and financial reporting in compliance with independent, external, more rigorous and fundamentally more useful accounting standards. As external auditors, and within the context of our independent role and responsibilities, we are keen to support a successful conclusion for the 2008 accounts. But adherence to international accounting standards requires considerably more than a revision and improvement of the presentational aspects of financial reporting as seen through the organisation's annual accounts. Improvements are required in business procedures and ways of working and these must be supported and underpinned by major changes and improvements, for example in how WFP manages and accounts for assets and liabilities; and in how income and expenditure is accounted for and reported. They require major business process and financial management changes in WFP's operational infrastructure and financial procedures, which the Secretariat has been taking forward.

4. As the organisation's external auditors, it is not yet possible for us to say - nor is it at all an automatic outcome - that WFP will achieve full compliance with the more rigorous international accounting standards at the outset, for 2008, although this is the result that the Secretariat are working towards. Full compliance, and a clear (unqualified) audit opinion will require further major efforts, as indicated below in this report and our audit recommendations. The move to compliance with IPSAS involves major operational and management change. WFP has made positive and commendable progress towards meeting the requirements of IPSAS and in setting up major improvements in the quality of financial reporting. These benefits will be of value even if, for the 2008 financial statements, WFP is unable to provide the full extent of improved level of assurance which compliance with IPSAS requires over the figures reported in the 2008 financial statements.
5. This report includes recommendations for priority action in relation to WINGS II and IPSAS implementation.

Preparedness for IPSAS

The transition to IPSAS is a major change for WFP, requiring not just enhanced financial reporting but significant changes in systems, procedures and business processes affecting the whole organisation.

While much progress has been made, there remain a number of significant issues which need to be resolved, and work which urgently needs to be done, if a successful result is to be achieved.

Background to the Preparation of the Nine-Month Accounts

6. As a test of the preparedness for achieving IPSAS-compliant financial statements, WFP prepared a set of 'dry-run' accounts covering the first nine months of 2008. In order to most usefully report on WFP's progress with IPSAS implementation, we examined those accounts, to identify lessons learned which can inform the preparation of the full year accounts for 2008; and indicate the issues and actions which urgently need to be addressed to achieve a successful result.

7. The 2008 financial statements of the World Food Programme (WFP) will, for the first time, be prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The adoption of IPSAS by WFP will bring with it many benefits for improved and more complete financial reporting; greater accountability; better-informed decision making; improved financial management and control; and more efficient management of resources. It also requires significant changes to the form and contents of the financial statements which are subject to audit. The Secretariat has been highly proactive in taking forward the many procedural and system changes necessary to implement IPSAS throughout the organisation, to realise the benefits. This has represented a major change initiative in financial procedures which are being led through the major effort of finance staff, which we commend.
8. Compliance with IPSAS will give rise to major changes in the composition and presentation of WFP's financial statements. In advance of the preparation of the first set of IPSAS compliant accounts for the calendar year 2008, the Secretariat prepared a set of dry-run accounts on the same basis as the annual account, but covering only the first nine months of the year. We have examined those nine month accounts to provide a practically-based indication of WFP's preparedness for the implementation of IPSAS.
9. This section of our Report summarises the main findings from our review of the nine month accounts. Our observations should not be considered as an audit or comprehensive assessment of the interim financial statements and the disclosures. Our recommendations are intended to assist management in preparing the full-year accounts. We will undertake our audit of the full-year financial statements in accordance with International Standards on Auditing and report our conclusions and audit opinion to the Executive Board in June.
10. The following paragraphs identify the main issues raised by our review. These are necessarily technical - reflecting the requirements of IPSAS - but, if not dealt with, are sufficiently significant to have an impact on our audit opinion.

In General

11. We reviewed in general the basis for the preparation of the financial statements, and their presentation. While we are broadly satisfied with the basis and presentation of the nine month accounts, we have two comments.
12. The financial statements are prepared in accordance with WFP's Financial Regulation 13.1. This Regulation provides for the preparation of annual financial statements in accordance with "the UN Common Accounting Standards" but does not make specific reference to the preparation of the financial statements in accordance with IPSAS.
13. The Secretariat has taken the opportunity to prepare a Foreword to the nine month accounts. In addition to the information in the financial statements and the Notes to the accounts, which are covered by the External Auditor's opinion, the Foreword will provide more general background

information on the organisation and the accounts. We welcome the decision to prepare a Foreword and feel that this could usefully be extended to include additional analysis of the organisation's financial performance to assist the reader in interpreting the accounts; as well as to address the requirement under IPSAS for disclosures on financial risks and a more general statement on internal financial control.

Stated Accounting Policies

14. All financial statements are prepared in accordance with a set of accounting policies which define the basis on which assets and liabilities, income and expenditure, are recognised and reported in the accounts. This is important for the users of the accounts as it enables them to obtain an understanding of the basis on which the accounts have been prepared - particularly in those areas where IPSAS is not prescriptive and allows a choice of policies.
15. In-kind contributions from which WFP benefits will be valued and included in the income statement. In-kind contributions are one area in which IPSAS allows a choice of policies. Given the importance of in-kind contributions to the WFP (whether in the form of commodities or services) it is important for the accounting policy adopted to be clear. We observe that the proposed accounting policy in relation to in-kind services recognises these services as income where there is a budgetary impact (for example, transport services which would serve to reduce WFP's budget) but not where the contribution is anticipated and budget provision has not been made (for example, in the emergency use of an airfield). This appears inconsistent and it may be preferable to amend the policy to include in the accounts all those contributions which directly support the operations of WFP.
16. Also under IPSAS the financial statements need to report the value of long term liabilities, discounted to reflect the time value of money. This requirement was not met for the nine month accounts but will need to be addressed for the full year financial statements.
17. Under the accounting policies that WFP has adopted, the financial statements include contributions as income when pledges are confirmed by donors in writing. At that point, WFP has incurred no expenditure but there is an expectation of expenditure in the future. Under the strict requirements of IPSAS, commitments to future expenditure cannot be recognised in the financial statements. This has the effect of increasing the operating surplus for the year. We believe that, in order to assist clear understanding of WFP's financial position, the accounts should reflect, by way of a note, the extent to which the organisation has a commitment to fund the unexpended portion of such donations.

Presentation of the Accounts

18. We provided the Secretariat with guidance in the form of checklists on the required content of the financial statements and their presentation under IPSAS, identifying the accounting and disclosure requirements of each IPSAS standard. We found that Finance staff had not reviewed the nine month accounts against this guidance and were themselves unable to confirm that all the requirements of IPSAS had been met. For the full year's accounts, we suggest that the completed checklists be made available to the Director of Finance/Chief Financial Officer and the Executive Director, so that compliance with IPSAS may be confirmed before the accounts are signed.

Figures in the Accounts

19. Reflecting the fundamental business of the WFP, key figures in the accounts relate to the distribution of commodities and the stock held at the year end. Because the stock system (COMPAS) is not yet fully integrated with the main accounting system (WINGS), we examined in detail the systems for recording commodities distributed and stock held at year end. Our findings included that:

- in those cases where there is a discrepancy between the end of year physical stocktake and COMPAS, our expectation is that the accounts will reflect the value of the physical stock;
- each significant item of stock-in-transit at the year end should be matched to the records of expenditure to confirm that the stock has been paid for.

20. We found significant difficulty in confirming that all expenditure incurred up to 30 September had been included in the accounts. Finance division are aware of this issue which is referred to as "cut-off". To ensure accurate annual accounts for 2008:

- Finance need to remind all managers in country offices, regional bureaux and Headquarters of the importance of accurate and complete recording of goods and services provided before the year end but not yet paid for; and
- Finance should monitor expenditure throughout January and February 2009 to identify any transactions (for example, those over a threshold of US\$ 50,000) which have not been recognised as accruals or creditors.

21. We also encountered difficulties in validating the accounts figures for income and related debtors. Finance is aware - and will need to address - that the systems for identifying in-kind income are not operating sufficiently reliably; that the accounting system does not specifically track receivables relating to in-kind contributions; and that receivables need to be rigorously reviewed at the year end to exclude any items which are unlikely to be realised.

22. Our examination of property, plant and equipment indicated that more work needs to be undertaken by WFP to ensure that the figures reported in the financial statements are complete and accurate in that regard. This will require action by finance staff in country offices, regional bureaux and Headquarters.

Conclusion

23. While the transition to compliance with international accounting standards involves far more than merely revising the content and format of the organisation's audited accounts, the production of IPSAS-compliant financial statements for 2008 is a key outcome for assessing progress in the implementation of IPSAS more fundamentally. In addition, the preparation of IPSAS-compliant accounts is being taken forward in the context of WFP being an early adopter of IPSAS in the UN system; and given the complexity of WFP operations, and their worldwide reach, it is inevitable that some parts of the organisation will take longer than others to come fully into line with IPSAS requirements.

24. A key measure of success will be WFP's ability to obtain an unqualified audit opinion. Although our review of the nine month accounts did not constitute a full audit, issues have been identified which, if not resolved, would require us to moderate our audit opinion on the full year's accounts.

25. To assist progress to a successful conclusion for WFP, we offer the advice below in the form of recommendations designed to ensure that the basis of the accounts and accounting policies are clear; that the accounts meet the requirements of IPSAS; and that there is sufficient relevant evidence to support each of the figures in the accounts. This will in turn ensure that the accounts are reliable in fairly presenting the organisation's financial position for 2008. The issues relate to fundamental policies and systems. Other issues could emerge in our audit of the 2008 full year financial statements.

26. Finally, we acknowledge, and are grateful for, the considerable assistance and support provided by WFP staff throughout the world during our examination of the nine month accounts.

Recommendation:

1. To ensure that the necessary steps are taken, and to make sure that figures and disclosures in the financial statements are supported by evidence which is sufficient to stand up to audit examination, WFP need to establish a clear route map with deadlines to address the issues raised by our review and by OSDA, particularly in relation to the following actions:
 - (i) Amend WFP's Financial Regulations to provide for IPSAS.
 - (ii) Include a Foreword to the financial statements.
 - (iii) Review and confirm appropriate accounting policies on the recognition of income from investments and in-kind contributions.
 - (iv) Establish acceptable accounting policies, with adequate disclosure, for asset capitalisation limits, defined contribution pension schemes, related parties, discounting loans and other long-term liabilities, and financial commitments in respect of unexpended direct donations.
 - (v) Review accounts' figures and disclosures against IPSAS requirements using guidance we have provided.
 - (vi) Ensure commodity and stock valuations in the accounts reflect physical stocks held.
 - (vii) Ensure the completeness of expenditure figures by accurate and complete verification at country offices, regional bureaux and Headquarters of goods and services provided before the year end.
 - (viii) Monitor and review expenditure and income, to ensure that all accruals, creditors and debtors are recognised.
 - (ix) Take steps in country offices, regional bureaux and Headquarters to ensure the completeness and accuracy of reporting on property, plant and equipment.
 - (x) Ensure that training is delivered to the necessary number of staff to properly support the transition to IPSAS.

WINGS II Computer System

This part of our report provides an independent review of the WINGS II project to upgrade the main computer systems of the WFP. The Executive Board is already aware that implementation of the project has been delayed, costs are increasing, and the scope of the project has been reduced. Against this background, and the future importance of an upgraded system to reliable and efficient financial reporting under International Public Sector Accounting Standards, we assessed:

- The impact of the delay in implementation of WINGS II; and
- Whether the reductions in the scope of the project are significant.

Background to the project

27. WFP's Information Network and Global System (WINGS) was implemented in 2001 providing greater financial control and improvements to the operational capacity of the WFP. WINGS initially encompassed finance, procurement and human resources functionality, and was subsequently extended to include programme project management, resource mobilisation, and logistics support. The core financial applications are based on the SAP Enterprise Resource Planning system. The SAP system was substantially customised to meet the WFP's business requirements, and supplemented by bespoke systems, including COMPAS for commodity tracking and a resource management system, RMS, for the recording of donor pledged income.
28. From the end of 2003, SAP ceased providing support for the existing version of the software underpinning WINGS. WFP responded by reviewing the options available for the future development and support of the WINGS computer platform. Two main alternatives were considered: a purely technical upgrade of SAP which would retain the existing level of customisation; or a more extensive business-led upgrade, which would involve the re-engineering of business processes to fit the standard SAP system. The prevailing view, endorsed by senior management, was that a purely technical upgrade would offer few, if any, business benefits and that the business-led option provided greater opportunities for business improvements.
29. The detailed system changes proposed by the project, known as WINGS II, are set out in Appendix 1, and the anticipated benefits are summarised at Table 1 below.

Table 1: Anticipated Benefits of the WINGS II Project

<p>The anticipated benefits of WINGS II included:</p> <ul style="list-style-type: none">▪ improved business effectiveness through implementing processes more closely aligned with WFP's evolving operating model;▪ improved operational efficiency through greater integration of systems' elements and operational functions;▪ greater accountability arising from more transparent reporting;▪ simplification of business processes through greater standardisation; and▪ cost savings by reducing customisation and making greater use of standard SAP functionality.

30. Following the Executive Board's decision to adopt International Public Sector Accounting Standards (IPSAS) from 2008, the WINGS II project was seen as a critical element in developing the accounting and information systems necessary to underpin the successful implementation of IPSAS.
31. The initial assessment by WFP was that the WINGS II project would cost US\$ 38.8 million with an implementation target of 1 January 2008. As the project was regarded as a corporate imperative rather than a business opportunity, cost savings anticipated from the project were not quantified.
32. Following our own independent assessment of the decision to invest in a WINGS upgrade, our report to the Executive Board in June 2005 (WFP/EB.A/2005/6-B/1/Rev.1) concurred with the decision to move to a business-led solution. In our experience as external auditors of major IT systems in national and international organisations, there is merit and long-term cost advantage in adapting business processes to fit standard software systems, rather than customising systems to fit existing business processes. We recommended that WFP should develop a means of tracking benefits to demonstrate objectively that the cost of WINGS II represented money well spent.

Progress in Implementing WINGS II

33. Since the project commenced, the Executive Board have been advised of changes to the scope of WINGS II; the projected implementation date; and estimated costs.

- The first progress report (November 2006) indicated an increase in cost from US\$ 39 million to US\$ 49 million, with no changes to the scope of the project or delivery timetable;
- The second progress report (May 2007) identified that some aspects of the project were proving particularly challenging - particularly the incorporation of IPSAS accounting requirements - with a consequence that the design phase had been extended and the estimated date for implementation was deferred from January to April 2008;
- The third progress report (October 2007) proposed a reduction in the scope of WINGS II in order to keep within budget;
- The fourth progress report (February 2008) included further reductions in the scope of the project, and a revised implementation date of 1 January 2009; and
- The most recent progress report (May 2008) requested approval to increase the budget to US\$ 56.5 million, with implementation to be achieved from 1 April 2009.

34. The project team told us that the delays were due to a combination of factors, including:

- As the project moved from the design to the realisation phase, it became clear that there had been an underestimation of the complexities involved in migrating data from the old system to the new;
- A contractor involved in developing software had fallen behind timetable. Although a recovery plan was agreed with the contractor, key development milestones continued to be missed. WFP are in negotiation with the contractor considering what, if any, redress is available; and
- The complexity of testing the new system. By November 2008 there were 1,667 business scenarios to be tested, of which 182 (11 per cent) had been tested but failed, and a further 516 (31 per cent) had yet to be tested. The area worst affected was human resources, HR, where 58 per cent of tests had not been successfully completed, exacerbated by the data migration task.

35. The project team responded to the developing delays by compressing the plan as far as they were able, and running more activities in parallel. By the end of October 2008, it was becoming obvious that they would not be able to meet the implementation date of 1 January 2009. The decision to reschedule implementation to 1 April 2009 was taken by the project management board on 19 November 2008.

36. In January 2009, WFP's Office of Internal Audit (OSDA) issued a report dated 30 December 2008 on their Functional Audit of the (current) WINGS Landscape, which covered the change and configuration management and IT governance processes for implementing the upgrade to the WINGS system. In their conclusions arising from this review, OSDA have assigned an overall assessment rating of "unsatisfactory", noting in their findings that the governance framework to manage the WINGS upgrade is not yet finalised; and that there are inadequacies in the arrangements to effectively maintain the integrity of WINGS processes and corporate data. They have concluded that the risk management, control and governance of the operational context of WINGS are inadequate to ensure compliance with WFP rules and regulations.

Audit Concerns

37. Against the background of delays in the implementation of WINGS II, increasing costs and reductions in the scope of the project - and noting the findings from OSDA's review - we sought to assess:

- What is the likely impact on WFP's operations and business processes arising from the delay in implementation? And
- Whether the changes in the scope of the project are significant in operational or business management terms?

What is the impact of the delay in implementation?

38. The principal purpose of WINGS II was to support the operational work of the WFP. This is illustrated by the range of business functionality approved for the project (see Table 1 earlier). Delay in implementation has inevitably affected the deliverables of the organisation. For example, WINGS II was designed to streamline operations through the replacement of manual systems by automated links, such as in the area of stock control and valuation, thus saving time and allowing scarce skilled resources to be redeployed.

39. There are also additional costs to be met because the old WINGS system is not well attuned to producing the information necessary to support the new IPSAS accounts for 2008 and 2009. Collecting and analysing the necessary information costs WFP both time and money. And it reduces efficiency and reliability, which also makes the process of management and external audit verification more onerous.

40. Finally, when the data is migrated from the old system to the new on 1 April 2009, there will be a need for an additional external audit process to confirm the accuracy and completeness of the financial information transferred.

Are the reductions in the scope of the project significant?

41. The scope of the WINGS II project was changed in October 2007 and further restricted in February 2008. These changes were intended to simplify the project and ensure that it could be delivered to deadline and budget. We have undertaken a detailed analysis of the original scope of the project, and the changes implemented. The details of our analysis are in Appendix 1, and the key features of the changes in scope are summarised in the following paragraphs.
42. The project's scope included seven main areas. Except for changes to the Human Resources system where there has been an increase in the scope of the work, all planned changes will be delivered, although some have been deferred beyond the 1 April 2009 implementation date.
43. One important element being deferred is the adoption of an integrated system for the tracking and valuation of commodity stocks. At present a number of independent systems are used to control and report on stocks. These include the COMPAS system and WINGS. The intention was to replace them with a single integrated system based on the SAP stock module. The replacement of COMPAS was seen as a key element in streamlining stock control, providing more timely information to management for decision making, and supporting the valuation of stock for the IPSAS accounts. Until the replacement of COMPAS with the SAP stock system, management will lack real-time information on the quantity and value of inventory. This compromises the efficiency of stock control processes, and represents inefficiency for staff required to continue utilising the old systems.

Conclusions

44. We continue to support the decision taken by WFP to introduce WINGS II based on standard SAP processes; and it is important that the system is only implemented in live running once it has been thoroughly tested, rather than to risk disruption of operations with a system which is not ready for deployment.
45. However, we are concerned by the delays in implementing WINGS II. Inevitably the delay adversely affects WFP's operations, as it is tying up scarce skilled resources in tasks which should, by now, be automated. The delay is also costing money. Business process efficiencies remain unrealized; and while the cost of introducing WINGS II is currently budgeted at US\$ 56.5 million, this excludes the opportunity cost of staff operating old systems, rather than moving on to the new systems.
46. In our view, the patchwork of legacy systems has rendered reliable financial reporting in compliance with IPSAS a more fragile, problematic and cumbersome process than will be the case under a fully-implemented WINGS II environment. While we acknowledge the reasons for the narrowing of the scope of the WINGS II project to meet budget and deadline, the original vision of a fully integrated system remains valid. It is therefore important that a timetable and budget are established to complete the elements of WINGS II which have been deferred.

Recommendations:

2. We believe WFP should revisit their decision not to assess the savings arising from the introduction of WINGS II and capture information at a sufficient level of detail to demonstrate that the project expenditure represents money well spent.
3. WFP need to establish a clear and costed timetable for the implementation of the elements of WINGS II which are currently deferred. This action is necessary to support improved efficiency and a sound level of internal financial control for the future.
4. Urgent attention is needed to implement the planned improvements to the systems for the control and valuation of commodities.

APPENDIX 1:**Analysis of changes in the scope of the WINGS II project**

Based on External Audit analysis of WINGS II project papers, we have prepared the following summary of the original scope of the WINGS II project, approved changes and our analysis of the impact of those changes.

Original Scope	Revision to Scope	Implication of the Change in Scope
<p>1. Mobilising Resources</p> <p>Introduction of SAP Grant Management Module to provide integrated information on resources, forecast contributions, and report how contributions are being used against what was agreed.</p> <p>Donor profiles and fund raising strategies will be available to standardise the negotiations process for new contributions.</p>	<p>Donor data maintenance and decentralised forecasting have been deferred.</p>	<p>The reduction in scope means that project officers will not be making the anticipated savings in maintaining donor data. This represents a reduction in efficiency.</p>
<p>2. Project Management</p> <p>Simplified Project Planning Tools, including donation forecasting.</p> <p>Performance Planning and Monitoring will allow beneficiary numbers to be aggregated and matched to the corresponding quantities of commodities used to assist them.</p> <p>Project Cash Account will allow flexible management of associated costs.</p>	<p>Integrated project budget planning functionality deferred.</p> <p>Standardised WFP deliveries/beneficiary model and project output monitoring rescheduled for gradual release after the "go-live" date.</p>	<p>Improvements in beneficiary monitoring will be achieved over an extended transitional period. During this period, high-level management information will continue to be collected, collated and analysed manually. This reduces efficiency and increases the risk of error in financial reporting.</p>
<p>3. Management of the Supply Chain</p> <p>This element of WINGS II covered five elements including the replacement of the COMPAS system with the SAP stock system, which would be fully integrated with the main WFP accounting system:</p> <p>Logistics Execution - commodity sales and disposals handled by WINGS II, with interface to COMPAS to enable commodity tracking by value.</p> <p>Procurement Management - improved operation management and monitoring, including tracking of commodities.</p> <p>Manage Insurance - interface with</p>	<p>Replacement of COMPAS with SAP Logistics Execution system has been deferred.</p> <p>Integrated sales, procurement and warehouse management processes for UN Humanitarian Response Depots to be released initially only to Brindisi and later to other locations.</p> <p>E-tendering has been deferred.</p> <p>The insurance claims functionality will not be ready before 1 April 2009.</p>	<p>The replacement of COMPAS was seen as a key element in streamlining stock control and providing more timely information to management for decision making.</p> <p>The SAP system would also support IPSAS accounts.</p> <p>Until the replacement of COMPAS with the SAP stock system, WFP will lack real-time information on the quantity and value of inventory.</p> <p>This compromises the efficiency of processes and the</p>

Original Scope	Revision to Scope	Implication of the Change in Scope
<p>upstream and downstream systems, and improved control of the claims process.</p> <p>Manage Operational Transportation - automation of shipping instructions with facility for automated data interface from service providers.</p> <p>Special Logistics - standardisation of processes and systems for managing stocks.</p>		<p>robustness and usefulness of data.</p>
<p>4. Budget and Costs</p> <p>Improved budgeting framework with 'responsibility centres' and a framework for Trust Funds.</p>	<p>Online detailed budget planning and reporting deferred</p>	<p>The development of responsibility centres would strengthen the governance framework and accountability of the WFP. This will be actioned with the first release of WINGS II from April 2009, except in relation to the Programme Support and Administration Budget.</p>
<p>5. Managing Finance</p> <p>Finance - Country Offices to be defined as separate business units; clearer coding conventions for plants, cost centres, fund centres and business areas; implementation of accounting structures to support management of intangible assets.</p> <p>Treasury - maintenance of bank accounts; reporting on the liquidity of investments; management of foreign exchange and counterpart risks.</p>	<p>The following have been deferred:</p> <ul style="list-style-type: none"> - asset tracking - active contribution management (billing/reminders) - electronic banking - improved cash management tools - improved financial risk management tools 	<p>The deferment of these functions means that staff will have to continue to undertake this work manually. And because it is not automated, it is more prone to error, more costly to achieve and less efficient.</p>
<p>6. Human Resources</p> <p>Standardisation of HR information across WFP by recording all staff in a single database. Also introduction of an employee on-line self-service facility.</p> <p>Manager Self-Service to give managers access to information on employees, positions, units and budgets under their responsibility, and request changes and extensions.</p> <p>SAP Non-Profit Organisation payroll module.</p>	<p>The scope of WINGS II was extended to include local payroll systems for country offices. This was seen as a high value, low cost business opportunity.</p> <p>Employee Self-Service deferred.</p>	<p>Staff savings and improvements in the management of staff have been deferred.</p>
<p>7. Travel Services</p> <p>SAP Travel Module</p>	<p>No changes</p>	

ACRONYMS USED IN THE DOCUMENT

COMPAS	Commodity Movement Processing and Analysis System
EB	Executive Board
IPSAS	International Public Sector Accounting Standards
NAO	National Audit Office
OSDA	Office of Internal Audit
WF	World Food Programme
WINGS	WFP Information Network and Global System