



**Note by the Secretary-General**

I have the honour to transmit to the Council the report by the Chairman of the Council Oversight Group (COG).

Yoshio UTSUMI  
Secretary-General

## **Report of COG to Council 2004**

### **1 Introduction**

The Council Oversight Group (COG) was established by the Council at its 2003 ordinary session, pursuant to Resolution 1210. According to this Resolution, the COG 'would oversee on behalf of the Council the implementation of Recommendations 2-6, 8-9 and 13-15' of the Group of Specialists (GoS); 'will oversee the preparation of a revised draft budget prepared by the Secretary-General in consultation with the Coordination Committee that meets the requirements of Council for consideration at the additional Council session in 2003.' and 'will report to Council at its additional 2003 and its ordinary 2004 sessions'.

The COG held three meetings in the period between the Council 2003 Additional Session and Council 2004 – on 10 December, 10 February and 29 April (summary reports of the meetings are available at the COG website).

### **2 External Consultant (Council Resolution 1212)**

The Additional session of Council 2003 approved the hiring of an external consultant to develop a plan for the implementation of the Recommendations of the GoS – Resolution 1212 – following a proposal of the GoS supported by the COG.

Following the selection of the External Consultant (Dalberg Consulting) pursuant to Council Resolution 1212, a Consultancy Project Steering Committee (CPSC) was established where COG Members participated, together with GoS Members, the ITU Secretariat and the Consultant. It is however relevant to note that the COG did not participate in the selection of the consultant. This selection was exclusively made by the Secretary General, upon the results of the analysis of an internal task force.

The COG Members were invited by the Secretary General to participate in the kick-off meeting for the consultant as part of the CPSC. In that meeting, the Chairman of the COG was appointed as Chairman of the CPSC. The CPSC met approximately every other week to consider the progress reports presented by the Consultant, in accordance with the terms of reference approved by Council.

Active COG Members closely followed the progress of the Consultant's work through their participation in the CPSC. The experience of this Committee shows that the need for frequent presence in Geneva is not compatible with the scheduling constraints and professional obligations of some members.

In addition to regular CPSC meetings, workshops on Finance and on Information Systems were organized by the consultant. Some COG members participated in these workshops, depending on their availability and subjects of particular interest. The workshop on IS was co-sponsored by the Chairman of COG and the Deputy Secretary General.

The results of the work led to the identification, together with the consultant, of the following major issues:

#### ***Information Systems***

- ITU Information Systems related to administrative tasks should be streamlined: with focus placed on the main 'off-the-shelf' applications (SAP, Documentum, HR/Access), aiming at their full integration, and migrating to these all other scattered and not integrated (custom made and/or stand alone) applications in use (about 250).

- Conduct an analysis and definition of tasks to be outsourced.
- As a consequence of the 2 above actions, rationalization of human resources involved in IT (presently around 80 persons) would be possible.

The Consultant's report describes this process in more detail, proposing a plan of implementation for the streamlining of IS, as well as a cost-benefit analysis.

### ***Time allocation***

The staff should record their time spent on different tasks so that the total direct and indirect costs of the activities are known. At present, it is not possible to fully assess the total costs of the activities of the secretariat.

The consultant proposes a more detailed way to implement time recording, with a possible need for a specific software application, either using the SAP module or buying a new tool.

### ***Accounting and financial management***

ITU needs an analytical accounting system, which is only possible after resolving the above two areas. There should be a more corporate-like method of financial management, including forecasts and balance sheets. The funds and reserves system is no longer adequate for financial management.

### ***Planning Cycles***

At present, there is poor coordination of the different plans in effect within ITU (i.e., the Strategic, Financial and Operational Plans) and the budget. The current timetable for the preparation of these plans and of the budget contributes to this lack of coordination. The calendar of relevant events (Council, Conferences/Assemblies, Advisory Groups, ...) should be assessed to determine if any changes are required to better adapt to the planning cycles.

## **3 Follow-up of the Consultant's Work**

In order to meet the translation deadlines for Council documents, this Report was approved at the 7th COG meeting at the end of April and thus before the Consultant's work was finalized. For the same reason, the Consultant had at that time produced a draft executive summary of its final report that did not fully comply with the terms of reference in the Annex to Resolution 1212 concerning development of prototypes. The consultant will deliver a more elaborate final version of prototypes and an implementation plan, as specified in Resolution 1212, by May 14 in accordance with the contract. The CPSC instructed the Consultant to have prototypes ready and installed to be tested by Councillors during Council, if so desired.

In its draft executive summary, the Consultant produced recommendations for future action that are to be submitted to Council. If approved by Council, these recommendations will have to be implemented by the ITU secretariat, very likely with specialized external assistance as regards the streamlining of IS and its linkage with a new management model. Council will need to consider the establishing of a process/structure to supervise the implementation of the recommendations. The COG considers that the work needed to oversight the implementation of the consultant recommendations is of an operational nature, requiring frequent presence in Geneva. A clear mandate and competencies for this task should be set by Council 2004, bearing in mind that Council 2005 will need to approve a budget for 2006/2007 elaborated in accordance with the Consultant's recommendations.

## **4 Implementation of Council recommendations**

As described in the previous section, during this reporting period COG mainly focused its work on following the work of the Consultant, via the CPSC. Thus, it devoted less attention to other issues. Nonetheless, the Group addressed the implementation of the Council near-term recommendations regularly, with progress reports presented by the secretariat at every meeting.

According to the ITU secretariat, most of the near-term recommendations are implemented with the following exceptions:

- Recommendation 2. is being considered by the Council Working Group on Financial Regulations, which will make a progress report to Council 2004;
- Recommendations 4., 6. and 8.5 were considered by the Consultant and are expected to be addressed the report of the Consultant to Council.

Annex A contains a summary table of implementation progress prepared by the ITU secretariat, along with a column that shows the comments of the COG.

As an overall assessment, COG considers that the Council Near Term Recommendations have been implemented to the extent possible within present conditions. Further progress in the implementation of these recommendations, as well as of other GoS recommendations, will be achieved as a result of the Consultant's work.

## **5 Liaison with GoS**

The Chairman of the GoS reported on the progress of the Group at every meeting of the COG.

The Chairmen and members of the two Groups also liased via their common participation in the CPSC.

## **6 General Evaluation of COG's work**

Looking back at the work performed, the members of the COG have a positive evaluation of the results and are of the opinion that the creation of the COG was beneficial for the Union. In particular, the work of the Group had the merit of raising awareness within ITU, especially among the staff, of the existing problems and the need to overcome them, as well as showing them a possible way to achieve that. It is now commonly accepted that there is an urgent need for rationalization of IS and for the implementation of a new budget model with better financial controls.

It was also a very valuable personal experience for the COG Members that were actively involved in the process. Unfortunately, some Members were not able to actively take part in COG's work.

As a general evaluation, the work performed by COG leads its members to believe that the large majority of questions raised by Councillors can be solved simply with the implementation of new management methods, namely in budgeting and financial control. We also believe that the recommendations of the Consultant address most of these questions. It is thus necessary to proceed with the implementation of those recommendations, following their adoption by Council.

The COG also considers that its mandate, as set by Council 2003, is completed. There is, however, a new mission for an oversight group regarding the implementation of the Consultant's recommendations, that is of a more operational nature and one that will require frequent presence in Geneva.

The Council should therefore review the oversight function in defining a new mandate and composition of a Group, including a close follow-up of the implementation of the Consultant's recommendations.

## **7 COG recommendations to Council**

The COG recommends to Council 2004 the following actions:

- Approve the Consultants Report;
- Review COG's mandate and composition, with a view towards establishing a new structure with the appropriate operational capabilities and time availability of members to supervise the implementation of the Consultant's recommendations.

### List of Annexes:

A Summary of the Status of Implementation of Near-Term Recommendations

## Annex A – COG Report to Council 2004

### Implementation of Council Near-Term Recommendations

	Near-Term Recommendations	Status of Implementation	COG's comments
R2	<p><b>Process for Preparation and Review of Budget</b> Modifications to the Financial Regulations on budget preparations</p>	<p><b><u>WELL-ADVANCED</u></b> The Council WG met on <b>2-3 October 2003 and 1-2 April 2004</b> to discuss proposed modifications to the Financial Regulations and will make a progress report to Council 2004.</p>	<p>The Council WG on Financial Regulations will report to Council 2004 and request that its mandate be extended</p>
R3	<p><b>Prioritization of Sector Activities</b> direct the Directors of the Bureau to prioritize their activities in order to enable the ITU Secretariat and Council to rank all activities and to allocate the necessary budget to high priority activities.</p>	<p><b><u>IMPLEMENTED</u></b> Final report reviewed by CoCo in <b>March 2004</b>, following the meetings of the sector advisory groups, and submitted to COG in <b>April 2004</b>.</p>	<p>Results of prioritization by the Sectors are reflected in their respective Operational Plans submitted to Council.</p>
R4	<p><b>Cost Accounting Process</b> The Cost-Accounting Process should enable the cost of individual ITU projects and activities to be identifiable and auditable.</p>	<p><b><u>ONGOING</u></b> To be examined by the External consultant.</p>	<p>Covered by Dalberg's report</p>
R5	<p><b>Enhance internal audit functions</b></p>	<p><b><u>IMPLEMENTED</u></b> New internal auditor assumed functions in January 2004.</p>	<p>Report of Internal Auditor presented to Council Further analysis of the workload of the function may be needed</p>
R6	<p><b>Current Use of the Information Systems at ITU</b> Modifications to the Financial Regulations on budget preparations</p>	<p><b><u>ONGOING</u></b></p> <ul style="list-style-type: none"> <li>• Questionnaire on ICT expenditures sent to other agencies.</li> <li>• The New Organization of the IS Department was established by Service Order 03/14 (31 July 2003), in force as of 1 September 2003. Vacancy notices for four key posts were issued in September 2003, but the selection process was suspended to allow the new Chief of IS to be involved.</li> <li>• A draft strategic plan, including detailed status of current use of ICT technologies at ITU, is available at: <a href="http://www.itu.int/sg_is/">http://www.itu.int/sg_is/</a></li> <li>• Being examined by External consultant.</li> </ul>	<p>Covered by Dalberg's report</p>

	<b>Near-Term Recommendations</b>	<b>Status of Implementation</b>	<b>COG's comments</b>
R8	<b>Review of Various Functions to Reduce Duplication</b>		
	<b>R.8.1 Library, Archives and Reference services</b>	<b><u>IMPLEMENTED</u></b> The Final report was endorsed by CoCo on <b>20 October 2003</b> and submitted to COG.	
	<b>R.8.2 Functions of Corporate Communications, publications, documentation</b>	<b><u>IMPLEMENTED</u></b> Final study report to COG in <b>April 2004</b> .	SG will implement recommendations/proposals contained in this report. In particular, the COG expressed a preference for centralization of purchasing
	<b>R.8.3 Cost of Travel Processes</b>	<b><u>IMPLEMENTED</u></b> Final report reviewed by CoCo on <b>20 October 2003</b> .	Service order issued in early 2003 met GoS concerns
	<b>R.8.4 Management of Facilities and Building</b>	<b><u>IMPLEMENTED</u></b> Reviewed by CoCo in <b>October 2003</b> . Revised report reviewed by CoCo on <b>19 April 2004</b> and submitted to COG in April.	
	<b>R.8.5 Allocation of more costs for services to users</b>	To be examined by External Consultant, as linked closely to R.4.	Covered by Dalberg's report
R9	<b>Functions and Responsibility of SPU</b>	<b><u>IMPLEMENTED</u></b> Report to COG in <b>July 2003</b> .	
R13	<b>Report to Council every 3 months</b>	<b><u>IMPLEMENTED</u></b> <ul style="list-style-type: none"> <li>• Draft Format approved <b>early September 2003</b>.</li> <li>• First Report provided to <b>October 2003</b> Council, second report contained in Financial Report and third report to be distributed in <b>April-May 2004</b> (advance draft to COG at its 7<sup>th</sup> meeting.).</li> </ul>	COG at 5 <sup>th</sup> meeting requested SG to change format <sup>1</sup> ; the report on 1 <sup>st</sup> quarter 2004 introduces first revisions accordingly

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<sup>1</sup> Extract from Summary of Decisions of 5<sup>th</sup> meeting of COG on Quarterly report: 'COG would like this Report to be more future oriented showing the impact of the execution of the budget in the future. This Report, besides the description of past events, where some more detail should be given, shall also analyse the expected impact of the actions to be taken to correct detected variances'

	<b>Near-Term Recommendations</b>	<b>Status of Implementation</b>	<b>COG's comments</b>
R14	<b>Reorganize TELECOM along Project Lines</b>	<p><b><u>IMPLEMENTED</u></b> Project team established and reported to CoCo in <b>October 2003</b>.</p> <ul style="list-style-type: none"> <li>• Staff reduced by half in <b>December 2003</b>.</li> <li>• New Executive Manager installed in <b>January 2004</b>.</li> <li>• TELECOM Board Task Force set up to propose new business plan.</li> <li>• Organization by Project Lines may be unfeasible with reduced staff.</li> </ul> <p>Final Report to COG in <b>April 2004</b>.</p>	A report on Telecom activities, pursuant to PP Resolution 11 (Rev. Marrakesh 2002), will be presented to Council 2004, including more detailed information on the new structure of the TELECOM Secretariat
R15	<b>Audit the Amounts ITU is Charging TELECOM</b>	.	
	<b>15.1 External Audit of TELECOM Costing Methodology</b>	<p><b><u>IMPLEMENTED</u></b> The audit took place from <b>4-27 February 2004</b>.</p>	External auditor has requested payment for the audit.
	<b>15.2 Council Approval of TELECOM Administrative Budget</b>	<p><b><u>IMPLEMENTED</u></b> Administrative budget of TELECOM was submitted to 4th COG meeting in <b>September 2003</b>.</p>	