Note by the Secretary-General

I have the honour to transmit to the Council an Addendum to the report by the Chairman of the Council Oversight Group (COG) concerning comments on the Consultant Report (C04/42) and Appendices A to H.

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Secretary-General

COMMENTS OF THE COUNCIL OVERSIGHT GROUP ON THE CONSUTLANT'S REPORT (C04/42 + APPENDICES)

1.   Assessment of the compliance between the Dalberg report and the objectives set out in Res. 1212, Annex 1:

a)   An extensive review was carried out. Development of a new business process model was initiated but not completed. Some selected actions depend upon results of the work underway in other committees. As is usual in projects of this nature, the final model will also depend upon refinements to be introduced during the implementation phase.

b)   Formulation of a new IT strategy was completed. However, the implementation is now to be conducted by the head of the IS department, in close cooperation with other departments, notably Finance, Personnel and Social Protection, and Common Services. As can be concluded from Dalberg report, both technical and methodological assistance will be necessary. Outside expertise, especially in information and communication technologies (ICTs), will thus be required, to be defined on a case-by-case basis.

In order that a new results based budget can be approved by Council 05 for the biennium 2006-2007, the necessary IS tools must be already be in place by January 2005.

Therefore, the following points, included in Dalberg's report, require support from Council 04, in order for ITU management to proceed with action without delay:

• Integration of HR/Access with SAP, including a cost comparison between the cost of integration vs. use of the SAP HR module; also with regard to Documentum as SAP also has a document management module.

• Definition of a software platform for time tracking, knowing that SAP also provides the relevant module, including project management;

• Analytical accounting module, which can also be done by SAP.

The opinion of the above mentioned heads of department should be voiced to the Council.

c)   The implementation plan is very detailed, and represents a good guide for action. However, it was requested by the Steering Committee that the main part of the implementation plan should essentially be completed by the end of 2005. Namely, the budget 2006-2007 should already be approved under a new model, as is recommended by the consultant. This would allow PP-06 to have a clear view of the financial situation of the Union, as was requested in Marrakech and confirmed by Council 03.

Because the implementation plan in Appendix G is too detailed for Council, it may not be clear for Councillors that it meets the above request by the Steering Committee. Indeed it indicates (page 4) that Council 2005 would be tasked with approval of the first results based budget. In page 8, recommendations 1.6 and 1.7 are also aligned with a budget 2006-2007, submitted to Council 05 under the new format.

To avoid confusion, Dalberg must be more specific, highlighting that all IS core systems and the solutions for their integration shall be carried out at the same time, being typically ready by the end of 2004. The implementation of items essential for budget preparation (e.g., time tracking software, analytical accounting platform, integration of core administrative platforms, etc.) should also be carried out within the same timeframe.

Appendix G shows overall roll-out during 2005, which may not appear to fit in the above schedule. However, it is planned that full roll-out should be complete by 1/1/2006, (cf page 4 of Appendix G), and clear intermediate steps must be highlighted.

The opinions of the heads of Finance, IS, Personnel and Social Protection and Common Services are essential and should be voiced to the Council in order to decide on implementation. The Secretary-General and the Directors must also tell the Council how they envisage the implementation of the Consultant's recommendations, notably in the preparation of the 2006-2007 budget.

d)   As Dalberg recognizes (cf page 2 of Appendix C), the report does not include a true prototype concerning a new budget model, with actual figures. However, in Appendix D there is an overview of the Excel cost accounting prototype.

These are essential tools for the detailed budget system design, and its links to the strategic and operational plans, and must be ready by the end of 2004. Implementation must be complete in order to be used in connection with the preparation of the 2006/2007 budget, i.e. implementation should be complete by the end of 2004. These two prototypes will be installed on PCs in a demonstration area, close to the Council cybercafé, as requested by the Steering Committee. A separate information note will be circulated to Councillors informing them of the times when Dalberg and ITU staff will be available to give briefings.

In all these issues the Head of finance must be invited to give his opinion to the Council.

e)   In my view this item has been fulfilled.

A workshop on IS and two workshops on finance were carried out, providing for in-depth discussion of relevant issues with senior staff of ITU. This has raised awareness within ITU ranks of the urgent need to respond to issues put forward in Marrakesh and in Council 03. However, some Councillors are expecting a more operational set of results, namely training of ITU staff and implementation of actual actions.

It must be borne in mind that the spirit underlying the objective expressed in e) of para 1 of the Annex to Res 1212 does not require the consultants to have implemented the proposed training programme in the limited amount of time available. Nevertheless, many of the project-related activities undertaken during the consultancy project have already provided good training for the many staff involved

2.   General comments

Dalberg's report represents a comprehensive analysis of ITU and shows a large number of actions that will be developed, through to the start of 2006.

However, the appendices are too lengthy and detailed for most Councillors and there should be a more concise implementation plan, directed at what Councillors are expecting from this consultancy project. It is essential that a number of short-term actions be taken in order to come to PP 06 with a clear response to the questions raised in Marrakech, and this must be explained to Council, without entering into too many details. The appendices are more a detail of actions for those carrying out the implementation rather than information required for a Council decision.

The target is to have the budget for 2006-2007 organized on an analytical accounting basis. For this to be possible time tracking and cost allocation are essential and implementation of IS tools must be completed by the end of 2004. From January 2005 onwards, the preparation of the new budget shall proceed in order to be submitted to Council 2005 for the biennium 2006-07.

Control tools are also fundamental for a Results Based Budget, as proposed by the Consultant. To this end, the integration of IS management platforms is needed, but because the information systems

to control the budget execution will not be required before January 1, 2006, the implementation of other IS solutions can roll through 2005, together with other aspects of the ICT strategy.

A clear formulation of the new budget model, and actions essential to its preparation, must be prepared by the end of 2004. It shall be presented at Council 04, with a summary of the implementation plan.

Therefore the implementation plan presented in Appendix G shall be viewed as an over-all task from which short-term actions must be extracted and implemented with immediate effect. These shall be of a "quick-win" nature, in order to prepare to change the business processes in ITU in time for the Council 05.

Dalberg proposes an investment of CHF 4.8 m for the over-all implementation, which will be off-set by estimated savings that, in ICT alone, should generate financial benefits covering the investment in the foreseeable future. The implementation has to be divided in a number of different projects, interacting with each other. Council 04 should therefore approve the over-all required transfer of funds, but ITU management shall approve individual projects, on a case-by-case basis, reviewing each approval in relation to how it fits in the overall project plan.

3.   Final Comments

In short, the work done by the consultants, in conjunction with GoS recommendations, provides an extensive analysis of the problems and a detailed set of recommendations, to be implemented by 2006. But immediate decisions are necessary, and these must be taken by Council 2004.

We need a summary plan, highlighting short-term actions of high efficiency to be implemented by the end of 2004, and actions to be implemented in 2005, all with a clear impact on ITU's transparency towards Council and PP. This would allow Councillors to understand what will be done for the preparation of budget 2006-2007, to be submitted for the approval of Council 05.

Therefore the following actions must be taken during the next session of the Council:

1.   Approval of the Dalberg report (C04/42) as a starting point for the implementation of all the pending GOS recommendations;

2.   Selection of short term actions from the overall plan and implementation by the end of 2004 of the following:

- Results based budget system;

- Analytical accounting system;

- IS toolbox for the preparation of the budget;

- Definition of integrated solutions for ICT and preparation of the related implementation plan and actions to be developed during 2005.

During 2005, ITU should concentrate mainly on completing the implementation of the required actions in ICT in order to fulfil all the GOS recommendations, including the long term ones.