International Civil Aviation Organization

WORKING PAPER

ASSEMBLY — 37TH SESSION

ADMINISTRATIVE COMMISSION

Agenda Item 79: Report on the use of the Information and Communication Technology (ICT) Fund

REPORT ON THE USE OF THE INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) FUND AND POSSIBLE MEANS OF FINANCING THE MODERNIZATION OF FINANCIAL SYSTEMS

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

The Assembly requested the Council to monitor progress achieved through the use of the ICT Fund and report at the next ordinary Session on the use of the Fund. The activities undertaken since the last Assembly, as summarized below, are reported in more detail in this paper:

- Implementation of Phase I modules comprising the General Ledger, Accounts Payable, Accounts Receivable, Purchasing and Management of Projects have been completed and the modules are now under regular maintenance and support.
- Implementation of Phase II modules HR/Payroll and Fixed Asset have been completed, the Budget Planner module is being finalized, and the gaps identified in the Sales of Publications and in the Travel modules are being negotiated between ICAO and Agresso.
- Implementation of Phase III, deployment of the Agresso ERP system to the Regional Offices and selected Field Offices is progressing as scheduled with the Paris Regional Office being implemented first as a template for the remaining offices.

Action: Pursuant to Resolution A35-32, the Assembly is invited to note the progress in the implementation of the Agresso ERP system.

Strategic Objectives:	This working paper relates to Strategic Objectives 1, 3, 4 and 5.
Financial implications:	The current funding envelope of the ICT Fund is expected to be sufficient for completion of the remaining activities of Phases II and III.
References:	A36-WP/37 Assembly Resolutions A33-24 and A35-32 Doc 9902, *Assembly Resolutions in Force* (as of 28 September 2007)

1.   **INTRODUCTION**

1.1   In Resolutions A33-24 and A35-32, the Assembly created the ICT Fund for the purpose of, *inter alia*, improving and modernizing the financial systems. The Assembly also requested the Council to monitor progress achieved through the use of the ICT Fund and report at the next ordinary Session of the Assembly on the use of the Fund.

1.2   Since the last Assembly, regular and periodic reports were made to the Council on the use of the Fund, in particular on the progress of the implementation of the Integrated Resources Information System (IRIS), which aims to improve the efficiency of ICAO's systems that support Finance, Procurement, Management of Projects, Travel and Sales of Publications.

2.   **INFORMATION ON ACHIEVEMENTS**

2.1   The following main activities took place during the triennium on the implementation of the Integrated Resources Information System (IRIS) Project.

2.2   **Implementation of Phase I**

2.2.1   Activities to implement the Phase I modules of the Agresso Business World enterprise resource planning (ERP) system began at the end of February 2007 with the design sessions to determine the system's configuration applicable to ICAO. The modules being implemented on this phase were the core financials, comprising General Ledger, Accounts Payable, Accounts Receivable, Procurement and Management of Projects.

2.2.2   In its 36th session, the ICAO Assembly instructed ICAO to implement a Canadian dollar budgeting and accounting regime as of 1 January 2008. This had a significant impact on the implementation of the ERP system, which was finalizing the design and configuration of the system and beginning to test the new system.

2.2.3   The requirement to adopt the Canadian currency for budgeting and accounting for the Regular Programme while retaining the United States dollar for the Technical Co-operation Programme, caused delays in the implementation. Detailed system design work that had been substantially completed had to be revisited and configuration changes made. Unplanned administrative efforts were required to define the new requirements, to obtain and review the proposal of work effort and costs from Agresso, and to negotiate the contract for the change. Additional resources on the part of Agresso and ICAO were necessary because many of the tasks that were initially planned as sequential had to be performed concurrently in order to meet the deadline for go-live of January 2008, which remained unchanged.

2.2.4   To ensure that ICAO was able to produce IPSAS compliant financial accounts for the financial year 2008, the IRIS project team was forced to re-assess the priority of the requirements and pushed, to the first quarter of 2008, functionalities that were not absolutely essential for processing transactions on 1 January 2008. In addition, the functionality for Budget preparation was pushed for implementation in Phase II. As a result, Phase I was expected to be complete at the end of the first quarter of 2008. Similarly, the change in scope significantly increased the timeframe and resources necessary for the implementation of Phase II. The extended implementation timeframe for Phases I and II required staff to be assigned to the project over a longer period than was originally planned.

2.2.5   The changes in scope with the adoption of the dual-currency accounting resulted in the need for an additional $1.7 million to cover for the increases in the implementation time-frame, project resource retention and for additional external consultancy efforts. This brought the estimated total cost of the project to $6.2 million, up from the original estimate of $4.5 million (C-WP 13045). In reviewing this impact and the request for the additional funds, the Council approved the transfer of additional funds for the project from excess budgetary surplus to a maximum of $1.0 million (C-DEC 182/13), with the remaining $0.7 million to be covered by the project's contingency reserve of $0.9 million.

2.2.6   The budget and funds checking functionality, which was part of the core financial deliverables of Phase I, proved to be far more complex than was estimated and required significant additional work from Agresso and ICAO to design, test and implement. The first version of the function went live in April of 2009 and has since been upgraded to a fully automated budget and funds checking functionality.

2.3   **Implementation of Phase II**

2.3.1   Activities to implement the Phase II modules of the Agresso ERP system began in April of 2008, following the go-live of the core functions of Phase I. The modules being implemented on this phase were the Human Resources and Payroll, Fixed Assets, Budget Planner, Sales of Publication and Travel.

2.3.2   The Payroll module and the necessary Human Resources (HR) functions to support the payroll functionality such as position management, management of staff entitlements and master data have been implemented and are in full operation since August 2009. The Payrolls for the Professional category staff at Headquarters and in the Regional Offices and the General Service category staff at Headquarters have been successfully calculated, processed and paid using the new system. Additional payrolls for Field Experts in the Technical Co-operation Bureau (TCB) Projects and the General Service category in the Regional Offices are expected to go live in May and June 2010 respectively. The HR Self-Service functionality will be available in May 2010 and fully implemented in 2011. This functionality will reduce the requirements of the HR staff as they will not have to input data in the system or answer routine questions since staff members will be able to view their own data, update personal information and submit various payment and information requests. The e-Recruiter system, which will enable candidates to apply for ICAO vacancies online and facilitate the recruitment process, is expected to be implemented in September 2010.

2.3.3   A number of requirements related to the implementation of the HR and Payroll modules such as the absence management, are still outstanding due to limitations of the current version of the Agresso system. These requirements will be met either through customizations currently being developed by Agresso, or by the implementation of the next version of the system, which is planned for 2011, at no additional cost to ICAO. Interfaces between Agresso and other HR supporting systems such as the Performance and Competency Enhancement (PACE) system are also being developed.

2.3.4   Significant gaps have been identified between the functionalities required by ICAO's business processes for Travel and Sales of Publications and those offered by the standard Agresso ERP system. Negotiations are being finalized between ICAO and Agresso to determine how best to resolve and bridge these gaps.

2.3.5   The funds currently available through the ICT Fund are sufficient to cover the remaining work to complete the implementation of Phase II.

2.4   **Implementation of Phase III**

2.4.1   The overall goal of the IRIS project is to provide an Organization-wide, integrated computer system, using the Agresso ERP software. The deployment of IRIS to Regional Offices and Field Project Offices will support and address ICAO's financial requirements and operational activities at all levels. Having all ICAO staff using the same tools and procedures should permit ICAO to realize further efficiencies. The IRIS project was broken into two major phases; deployment to the Regional Offices was originally considered a third phase.

2.4.2   The Full Senior Management Group, at its meeting from 19 to 21 January 2009, decided not to wait for the completion of Phase II implementation but rather deploy modules as they became available to Regional Offices and remote field projects to improve efficiency. Functions that are currently ready to be deployed are Finance (General Ledger and Accounts Payable), Management of Projects, Procurement and Agresso Information Manager. Functions that are in the final testing and approval stages are HR/Payroll, Fixed Assets and Budget Planning.

2.4.3   A detailed implementation plan for the deployment of the Agresso ERP system, including hardware and software, to Regional Offices and selected Field Offices was developed. The plan called for the deployment to the Paris Office as a first step, due to its complexity and suitability to serve as a template for deployment to the remaining offices. It was estimated that the overall duration of the implementation to the seven Regional Offices would be 30 weeks, at an overall cost of $600,000 (C-WP/13451). In its 188th session, the Council approved the amount of $600,000 for the overall implementation of Phase III to be obtained from the Incentive for Settlement of Arrears Account (C-DEC 188/8).

2.4.4   Work in the deployment of the Agresso ERP system to the Regional Offices is progressing as scheduled with the upgrade of the information technology infrastructure between Headquarters and the Paris Office and the preparation of the training of staff from the Paris office in April 2010. The infrastructure upgrade and staff training of the remaining offices is expected to be completed by June 2010.

3.   **CONCLUSION**

3.1   The implementation of the Agresso ERP system is progressing with Phase I modules already in full operation and under regular maintenance and support, Phase II modules being placed in full operation and the solution for bridging the gaps identified in the two modules being negotiated, and the Phase III implementation under way.

3.2   The current funding envelope of the ICT Fund is expected to be sufficient for completion of the activities relating to Phases II and III.

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