

Summary Report of the 9th meeting

Present: Eric Adda, Beate Degen (Chair), Abdesslem El Harouchy, Graham Miller, Thomas Repasch

1. Introduction

- 1.1 The ninth IMAC meeting was held from 1 to 2 December 2014. In addition to its discussions with ITU officials about relevant topics, the Committee met with the Director of the Radiocommunication Bureau (BR), in the absence of the Secretary- General and the Deputy Secretary-General. In this report, the terms IMAC and the Committee are used interchangeably.

2 External Audit

Video conference with Corte dei Conti, the external auditors

- 2.1 Corte dei Conti noted that their external auditors' report had generated very little discussion in Council. IMAC will communicate the dates of its next meetings as soon as they were set to the external auditors, in order to organize concurrent meetings. IMAC informed Corte dei Conti that its reports were now publicly accessible on the Union's web site. IMAC welcomed the fact that the external auditors would be acting as facilitators on internal audit assessment within the United Nations system at the upcoming 2014 meeting of the Technical Group of the UN Panel of External Auditors in New York.
- 2.2 Following IMAC's enquiry about the focus and schedule of their next audit, the external auditors stated that according to the information provided by ITU's management, the closing of the accounts would take place on 20 March 2015, the required statements being then theoretically available by 31 March 2015. Given the short deadline to prepare their report in time for May Council session, and taking into account the time consuming contradictory process, the external auditors considered adding resources on their side in order to be able to present their report towards the end of the Council session. They planned to be ready to meet with IMAC on the first or second week of May 2015.
- 2.3 IMAC emphasized the need for a proactive coordination with the external auditors and expressed concern about whether the external auditors' 2014 Report would be ready in time for IMAC to consider it and include comments in the Committee's own Annual Report to Council.

Follow-up of the external auditor's recommendations

- 2.4 IMAC was briefed on the follow-up of the recommendations made previously by the external auditors. IMAC noted that Recommendation 3 of 2013 concerning the full actuarial review to be conducted in 2016 could have a significant impact on ITU's budget.

2.5 With regard to Recommendation 3 from 2012 (Droit de superficie), IMAC noted with satisfaction that its recommendation to Council (Recommendation 7 of 2014) to consider the development of a proper business case with costed options to support decisions on major capital expenditure projects had been followed by PP-14, since a Council Working Group had been created for that purpose. The Committee expressed the wish to be briefed on the discussions of this Working Group.

2.6 Concerning the digitalization of personnel dossiers (Recommendation 10, 2012), IMAC stressed the importance of data security and the need for a close monitoring of the access and updating procedures. It agreed to add digitalization/data security to the agenda of its next meeting.

3 Debriefing on Council 2014 final meeting and PP-14

3.1 IMAC observed that the Council had taken note of its supplementary report and welcomed the fact that PP-14 had now established the IMAC on an on-going basis, and decided to make IMAC's reports publicly accessible. The Committee also noted with satisfaction that IMAC's value to the organization had been acknowledged through the Committee's institutionalization in ITU's governance structure. However, concerning the Committee's terms of reference, which had been amended by PP-14, IMAC asked for an explanation of the changes made in 2)b) of Annex to Resolution 162, and would seek a dialogue with the CWG-FHR and the chairperson of the PP-14 drafting group on Resolution 162 in that respect. Since the modified provisions changed the nature of IMAC's responsibilities in a key aspect, which should be addressed and if needed corrected.

4 Approved Strategic Plan 2016-2019 and Developments on Operational Plans: Strategy to execution integrating risk, monitoring and evaluation management

4.1 The Committee was briefed on the Strategic Plan approved by PP-14 and noted how ITU contributed to the global strategy of Connect 2020 Agenda through the implementation of its strategic plan 2016-2019. The plan defined measurable targets and the activities required to achieve them. Regarding the operational plans, the operational planning process would be coordinated and a limited number of top level operational risks which could be reviewed by ITU top management would be taken into account and integrated.

4.2 IMAC commended the impressive progress made on a short period of time and encouraged the strategic planning team to further involve the staff; and to select operational risks that really matter on the operational level, and on which the staff can act, in order to initiate a real cultural change.

5 Financial management: PP-14 highlights and financial plan 2016-2019

5.1 IMAC was informed that during PP-14, the number of contributory units was decreased by 10.5, which jeopardized the draft balanced financial plan approved by Council in April 2014. The Financial Resources Management Department was preparing a draft budget for 2016-2017 which would be submitted to the Council Working Group on Financial and Human resources (CWG-FHR) in February. To avoid such a situation in the future, Decision 5 had been modified to the effect that Member States are invited to submit to the Secretary-General their provisional class of contribution units for the period 2020-2023 before the end of the calendar year 2017. In order to balance the budget, ITU management applied a pro-rata reduction of the budget.

5.2 In regard to Annex 2 of Decision 5, IMAC noted that the areas where savings could be made should be more precisely identified and quantified. It stressed the fact that any such decrease in

resources implied a strategic risk and drew attention to the possible negative impact in terms of human resources management.

- 5.3 Concerning the Varembe building, the Committee was informed that Council was authorized to take a decision in this matter if it deemed to have all the required information. However, if the Council Working Group did not reach a conclusion, in 2017 at the latest, Council had to report to PP-18 on that subject.
- 5.4 As IMAC had expressed some concern regarding the actual date of the closing of the accounts and the submission of the external auditors report, FRMD reported that by 31 March 2015, all the financial statements had to be ready, according to the financial rules and regulations. The external auditors had been informed that they could start their work at the end of January with the petty cash, bank statements for instance, if they wanted to. Besides, the management was always available for the contradictory procedure and reacted swiftly. Unfortunately, at this stage, despite the fact that all the relevant deadlines had been given to Corte dei Conti with the exception of the reception date of the report on the actuarial review, ITU had not yet received an audit plan from the external auditors.
- 5.5 IMAC reiterated that it was essential to the discharge of the Committee's responsibilities to be able to discuss the external auditors report prior to the Council consideration of the external audit results. This in accordance with the best practices in this regard.
- 5.6 It was suggested that it might be useful to provide in the Committee's report information on the implementation of its recommendations, for the Council to better assess the impact of those recommendations.
- 5.7 The Chief of FRMD also noted that the IMAC report does not include comments by the Secretary General. In his view, such comments if incorporated could provide Member States with an understanding of the position of ITU management before approving the IMAC report. The IMAC members noted this point and would give it consideration.

6 Follow-up of IMAC Recommendations

- 6.1 IMAC reviewed the implementation status of its 2014 recommendations and noted that Recommendation 1 (more comprehensive annual reporting by internal audit to Council in future years) was on-going. It decided to bring Recommendation 2 (on whether there is a need for more rigorous management oversight of field activities) to the attention of the newly elected Secretary-General, pending the result of remaining field offices audits, given its impact on ITU reputation and the clear need for improved communication and coordination. The Committee agreed to keep the recommendation under review and to discuss the overall oversight environment with CWG-FHR.
- 6.2 IMAC welcomed PP-14 decision to make the external auditors' reports and IMAC reports publicly accessible. As for the Internal Auditor's annual report, IMAC welcomed the adoption of a modification of the Financial Regulations (article 29) at the extra-ordinary session of Council 2015, immediately following PP-14, whilst the individual internal audit reports are still available upon request. Recommendation 4 (appointment of an ethics officer as a matter of priority) was noted as in progress, as an ethics officer would be recruited within 3 months.
- 6.3 The follow-up of Recommendation 5 (senior managers should formally certify annual discharge of their internal control responsibilities to the Secretary-General) was discussed with the Financial Resources Management Department. It was recalled that the recommendation objective was to formalize a confirmation process to improve the effectiveness of ITU's internal

control environment. A specific document containing the list of items to be certified should be drafted and provided to the Secretary-General. IMAC suggested ITU draw on existing examples in use in other UN agencies and offered to provide, if necessary, further advice in that respect. It was agreed to keep the implementation of this recommendation under review.

- 6.4 IMAC noted with satisfaction that the implementation of Recommendation 6 (the need for application of systematic risk management arrangements as a continuous element of the business process at ITU) was on-going and that risk management would be integrated into the operational planning process. It noted as well that Recommendations 7 (preparation of a business case for capital expenditure projects) and 9 (all IMAC documents should be publicly available) were on-going and would be kept under review, and that Recommendation 8 (development of strategic planning arrangements to be continued) could be regarded as completed.

7 Internal Audit Function

- 7.1 IMAC reviewed progress on internal audit activities since the last IMAC meeting and welcomed positive developments. The Committee noted with satisfaction that staff positions had been filled and a new position added, consistent with IMAC's previous recommendations. The Internal Auditor noted that field audit visits to two area offices had had to be deferred and would be conducted in 2015, due to security reasons. IMAC expressed its interest in receiving the mission report of the annual meeting of Representatives of Internal Audit Services of the UN and multilateral financial institutions (RIAS).
- 7.2 IMAC noted that the peer review of ITU Internal Audit based upon a self-assessment of Internal Audit, was on-going and that the report would be completed by 31 January 2015.
- 7.3 The Committee reviewed the implementation status of internal audit's recommendations and noted progress achieved. Several recommendations, in particular those relating to costing of publications, were still on-going and needed to be periodically reviewed.
- 7.4 IMAC reviewed the internal audit of contributions to the UNJSPF and commended ITU for having decided to carry out this type of audit.
- 7.5 Having reviewed the proposed internal audit plan for 2015, IMAC questioned whether the intention to carry out the planned audits for 2015 represented a somewhat optimistic (although wholly commendable) objective; and suggested the prioritization of topics based on the Internal Auditor's assessment of risk, in the absence of any formal strategic risk register. It would be appropriate for this factor to be explicitly addressed in the annual internal audit plan, for subsequent approval by the Secretary-General.
- 7.6 IMAC noted that the organization had yet to receive information on the external auditors' plan/programme for the 2014 accounts audit which would take place in 2015.
- 7.7 IMAC agreed to discuss the reappointment process of the external auditors at its next meeting, with a view to providing any appropriate advice to ITU.

8 Exit meeting with senior management - the Director of the Radiocommunication Bureau

- 8.1 The Chairperson thanked the Director of the BR for meeting with the Committee and briefed him on the fruitful relationship developed with the external auditors; but pointed out that the availability of the audited accounts (and External Audit Report) had an impact on IMAC's reporting to Council. So far, no audit plan had been communicated to ITU. Concerning the outcome of PP-14, the Committee expressed its satisfaction on IMAC's institutionalization in ITU

and the newly-agreed public availability of the external auditors report, internal audit annual report, and IMAC reports. IMAC welcomed the creation of a Council working group on the Varembe building, which it was willing to support and advice. Concerning Resolution 162, the Committee would be further discussing the changes made to its terms of reference with CWG-FHR and other actors. Finally, IMAC commended the progress achieved in strategic planning, and thanked the Director for his personal involvement.

- 8.2 The Director of the BR said that risk management would be integrated into the operational plans, the objective being to have shorter, more tangible plans.
- 8.3 With regard to the discussions held on the internal audit progress report and audit plan, the chairperson indicated that IMAC had suggested the inclusion of a provision in the draft audit plan to reflect prioritization and risk. IMAC's next meetings dates had been set to interact with the CWG-FHR and to review the external auditors' report.
- 8.4 The Director of the BR pointed out that the major operational constraints were linked to the budget and to the availability of meeting rooms. Concerning the latter, the increase in workload, in the number of meetings and in the number of participants more and more frequently results in difficulties in organizing the meetings requested by the membership. Further cuts could have an impact on the timely delivery of expected outputs. In conclusion, he said that he would take up the points raised by IMAC and reassured the Committee of ITU management full support.

9 Dates of next meetings

- 9.1 IMAC agreed to meet on 4, 5 and 6 February 2015, (to facilitate interaction with the CWG-FHR); and on 4 and 5 May 2015, to be able to discuss the external auditors' report in advance of Council. These dates would be communicated to the external auditors.