



Summary Report of the 21st meeting

Present: Dr. Beate Degen (Chair), Mr. Abdessalam El Harouchy, Mr. Graham Miller, Mr. Kamlesh Vikamsey

Absent: Ms. Sarah Hammer

1. Introduction

- 1.1. The twenty-first IMAC meeting was held from 26 to 28 November 2018. In addition to its discussions with ITU officials about relevant topics, the Committee met with the Deputy Secretary-General of ITU for a debrief on the outcomes of the PP-18 and for the closing debriefing session.
- 1.2. In this summary report the terms IMAC and Committee are used interchangeably.

2. Feedback from the ITU Council session at PP-18

- 2.1. Mr. Kamlesh Vikamsey who participated at the final session of Council for 2018, before the ITU Plenipotentiary Conference in Dubai, briefed the members of the Committee on his presentation and the discussion around the topics raised by the IMAC 7th Annual Report and the Supplementary Report to the final session of Council ([C18/22](#) and [C18/22 Add.1](#)).
- 2.2. Amongst the other topics and as addressed by the External Auditor's Report, IMAC drew the attention of the Council to the suspected fraud in a regional office.

3. IMAC Terms of Reference

- 3.1. During the Plenipotentiary Conference in 2014, the IMAC Terms of Reference had been amended. In its 4th Annual Report (C15/22), IMAC noted that its Terms of Reference had been modified to provide a valuable mandate for the Committee to provide advice to Council and ITU management on "how to implement its recommendations". However, the revision had resulted in the removal of the equally important mandate to advise Council on "the actions taken by ITU management on audit recommendations", which is a conventional and essential provision to ensure accountability.
- 3.2. Since IMAC believed the deletion of this aspect of its mandate had been inadvertent, and an unintended consequence of the revision process, the Committee advised that the deleted mandate should be reinstated at the earliest opportunity, by PP18.
- 3.3. IMAC's Terms of Reference (ToRs) explicitly provide for the Committee to periodically review the ToRs, and submit any proposed amendments to the Council for approval.
- 3.4. IMAC therefore recommended that Council propose to Member States at PP-18 that paragraph 2 of IMAC's ToRs be revised to restore the mandate to advise on "the actions taken by ITU management on

audit recommendations”; and also proposed to include in the ToRs the oversight of ethics issues. Annex 3 to the IMAC 7th Annual Report ([C18/22](#)) to Council, submitted also to PP-18 as Information Document 1 ([PP18/INF-1](#)), included the Committee’s suggested amendments.

- 3.5. Although IMAC’s report to Council, which included a proposal to amend the ToRs, was endorsed, no Member State submitted any proposal to PP-18 to amend Resolution 162.
- 3.6. IMAC will continue to review the implementation of audit recommendations by ITU management, as this is fundamental to the role of the Committee in oversight of the audit functions under the ToRs. However, IMAC does not consider it appropriate to cover the ethics function without an explicit mandate in its ToRs.

4. Review of Status of IMAC Recommendations

- 4.1. IMAC reviewed the overall status of implementation of IMAC Recommendations. Up to now, 83% of the IMAC recommendations have been implemented, while 9 recommendations (17%) remain in progress with the secretariat. IMAC will report on progress in detail in its Annual Report.

5. Financial Management

- 5.1. IMAC received a briefing from the Financial Resources Management Department on the Financial plan for 2020-2023 adopted by the PP-18.

6. Ethics Office

- 6.1. As mentioned above, IMAC will no longer cover ethics issues, since the IMAC Terms of Reference have not been revised to provide a mandate for this.

7. Compliance and fraud management

- 7.1. IMAC met with the Head of the Legal Affairs Unit, the Chief of the Human Resources Management Department, the Head of Procurement, and the Internal Auditor to discuss progress on developing ITU’s arrangements in relation to compliance and fraud management.
- 7.2. IMAC received a briefing on the development of the Procurement Manual. IMAC noted that the procurement department was taking into consideration existing procurement manuals within the UN System; and is also working on relevant Standard Operating Procedures (SOPs) and related arrangements.
- 7.3. IMAC noted the expected timeline for the adoption of the draft anti-fraud policy and the draft investigation guidelines. IMAC had previously shared its views and had provided advice on several aspects of good practice relevant to dealing with fraud and investigations.
- 7.4. IMAC encourages management to endorse the draft anti-fraud policy and the investigation guidelines as a matter of priority, also to demonstrate overall good governance practice.

8. Internal Audit function

- 8.1. IMAC reviewed the status report on Internal Audit activities from the Head of Internal Audit; the position in relation to follow-up of Internal Audit recommendations; the progress in the selection and appointment process for the External Auditor; and reports issued since the last IMAC meeting.
- 8.2. IMAC reviewed and noted the Internal Audit Report on “Translation Activities in ITU”, which brought to attention that, in general, ITU resources on translation activities are being used reasonably, efficiently and economically, but that improvements are needed in the area of policies and procedures, as well as in some aspects of internal capacity. The Internal Audit Report had made seven (7) recommendations of which three (3) were of high priority. All recommendations have been accepted by management.

- 8.3. The Committee also reviewed the Internal Audit Report on “Overtime Arrangements”. The overall conclusion of the Internal Audit Report was that governance processes with respect to overtime are outdated and controls are not sufficiently adequate. In terms of risk management, resources are not being used efficiently and economically. The report has drawn to attention issues of high significance in relation to inefficient utilization of resources and lack of compliance with policy requirements, as well as outdated policies. In IMAC’s view there appears to be scope for improvement in the management of overtime and distribution of workload.
- 8.4. IMAC was briefed on the progress in the selection arrangements for the External Auditor appointment process. IMAC had previously provided inputs and advice on how the arrangements for the selection and evaluation process should be taken forward. The Head of Internal Audit has also obtained comments from the Appraisal Committee, so that the process of inviting bids from candidates can now be taken forward.
- 8.5. IMAC highlighted the need to establish arrangements to allow candidates, when shortlisted, to provide presentations to the Appraisal Committee to support their bids.

9. External Audit

- 9.1. IMAC held a video conference with representatives of the External Auditors, the Corte dei Conti, to discuss their recent Special Report on Regional Offices.
- 9.2. The External Auditor had conducted a well constructed review with clearly described findings and recommendations which are considered to be useful to ITU. The report covers two regional offices (Brasilia and Addis Ababa) and two area offices (Santiago and Dakar),
- 9.3. The External Auditors focused on activities carried out by management in maintaining ITU’s field presence in accordance with objectives set by PP Res.25 (Rev. Busan, 2014), and to ensure the effectiveness and efficiency of its mission in the field. The External Auditors had found that there is no systematic ex post accounting of Regional Offices’ qualitative and quantitative performance against headline targets; nor was there a comprehensive risk management process by ITU. The External Auditors were therefore unable to conclude on how effectively and efficiently RO’s are contributing to the achievement of ITU’s strategic objectives, and what measures are required to mitigate the administrative and reputational risks accompanying field operations.
- 9.4. The auditors consider that performance information for individual offices should be given more focus and importance in the future; and that there is a need for extra focus on ITU-D coordinating capacity and the assessment of potential risks (including those in relation to procurement).
- 9.5. IMAC also held a private session with the External Auditors.

10. Fraud in a Regional Office

- 10.1. IMAC’s Supplementary Report to the final session of Council 2018 (C18/22 Add.1), and the External Auditor’s Report referred to the identification of a case of fraud perpetrated over a period of years in a regional office. The fraud was brought to the attention of Internal Audit on February, 8 2018, following an initial assessment of the credibility of the case by the Ethics Office. IMAC was first informed about the fraud in March 2018.
- 10.2. Although the External Auditors had concluded that the impact of the fraudulent activity did not have a material financial effect on the 2017 accounts as a whole, IMAC notes that the activities involved and under investigation were perpetrated over a number of years and involved serial breaches of control across a number of aspects, including but not limited to procurement and contracting.
- 10.3. As reported in the IMAC’s Supplementary Report to the final session of Council 2018, the Committee had requested full details of the investigation carried out by Internal Audit, but in June 2018 was only

provided with an extract of the executive summary and an Annex 17 to the investigation report. However, IMAC notes that the full report was provided to the External Auditor.

- 10.4. In its 21st meeting (26-28 November 2018), IMAC again requested a copy of the full investigation report and all relevant documents to enable IMAC to discharge its responsibilities under the terms of Resolution 162 (Rev. Busan, 2014).
- 10.5. In the absence of the full investigation report and other relevant documents, IMAC remains unable to provide oversight or advice on the circumstances of the fraudulent activity; the deficiencies in control and supervision; the oversight of the regional offices; and the management of risk and outcomes.

11. ITU HQ construction project

- 11.1. The Head of the Facilities Management Division Mr. Peter Ransome and the Senior Construction Project Advisor Ms. Catherine Dobbstein, briefed IMAC on the latest developments in the ITU's HQ premises construction project.
- 11.2. As the project is advancing at a fast pace with increasing workload, it is good practice to ensure a robust governance, adequate risk management and sound controls. To enable IMAC to provide holistic advice in these areas, the Committee asked to be provided with relevant material including documentation of overall project governance (i.e. steering bodies, advisory committee, project management committee, project management consultants, expert groups, etc.), project leadership, organizational structure, applicable roles and responsibilities, authorization levels, and key processes.
- 11.3. IMAC will continue to monitor progress and provide advice on an ongoing basis.

12. Strategic Planning & Risk Management

- 12.1. IMAC received a briefing on strategic planning and risk management issues, and discussed developments in the organization's strategic approach deriving from discussions and decisions of the Plenipotentiary Conference.

13. Meeting with the ITU Deputy Secretary-General

- 13.1. In accordance with its usual practice, IMAC met with top management and briefed the ITU Deputy Secretary-General on the Committee meeting's deliberations and observations, including areas where management may need to pay particular attention. IMAC had an open discussion on the various issues raised by the Committee.

14. Next meeting of the IMAC

- 14.1. The Committee agreed to meet next on 11-13 March 2019 and subsequently on 27-28 May 2019.