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| **Council 2015Geneva, 12-2 May 2015** |  |
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| **Agenda item: ADM 10** | **Document C15/66-E** |
| **8 May 2015** |
| **Original: English** |
| **Report by the Secretary-General** |
| EXTERNAL AUDIT OF THE UNION'S ACCOUNTS on ITU TELECOM WORLD 2014 |

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| **Summary**The External Auditor's report covers the accounts for the ITU TELECOM World 2014 exhibition.**Action required**The Council is invited to examine the External Auditor's report on the 2014 accounts and to **approve** the accounts as audited.\_\_\_\_\_\_\_\_\_\_\_\_**References**[*Financial Regulations (2010 Edition)*](http://www.itu.int/council/finregs/Regl_Fin_10e.pdf)*: Article 28 and additional terms of reference* |

REPORT OF EXTERNAL AUDITOR


Corte dei conti

Audit of the world event
ITU TELECOM WORLD 2014
27.04.2015

**TABLE OF CONTENTS**

[SUMMARY OF THE AUDIT 4](#_Toc417373377)

[Legal Framework and scope of the audit 4](#_Toc417373378)

[Audit activities 5](#_Toc417373379)

[Acknowledgements 6](#_Toc417373380)

[CHANGEOVER TO IPSAS 6](#_Toc417373381)

[KEY FIGURES 6](#_Toc417373382)

[Exhibition Working Capital Fund 6](#_Toc417373383)

[Relevant changes, budget revision and actual results. 7](#_Toc417373384)

[Actual figures in revised budget. 8](#_Toc417373385)

[Issuance of invoices before signing a Sponsorship Agreement. 8](#_Toc417373386)

[Reporting on the event linking results, general objectives of Resolution 11 with KPIs 9](#_Toc417373387)

[A timely signature of Host Country Agreement is needed. 9](#_Toc417373388)

[Bidding process 9](#_Toc417373389)

[Parties in Host Country Agreement 10](#_Toc417373390)

[REVENUE 11](#_Toc417373391)

[Barters value. 11](#_Toc417373392)

[Passes 12](#_Toc417373393)

[Exhibition 12](#_Toc417373394)

[EXPENSES 13](#_Toc417373395)

[Cost Recovery 13](#_Toc417373396)

[Staff costs 14](#_Toc417373397)

[Correspondence of Budget and Results 14](#_Toc417373398)

[Registration service 14](#_Toc417373399)

[Policy concerning strategic expenditures 15](#_Toc417373400)

[KPIs and Post Event Survey 16](#_Toc417373401)

[Prize draw 16](#_Toc417373402)

[Gender distribution 16](#_Toc417373403)

[Diminishing number of Exhibitors and participants 17](#_Toc417373404)

[Problems with Visas 18](#_Toc417373405)

[Forum sessions and Media presence 18](#_Toc417373406)

[Global dimension 19](#_Toc417373407)

[FOLLOW-UP 19](#_Toc417373408)

[ANNEX I – Follow-up of observations in previous reports 20](#_Toc417373409)

# SUMMARY OF THE AUDIT

1. According to Resolution 11 (Busan 2014), resolves no. 6, “the audit of ITU Telecom accounts shall be carried out by the External Auditor of the Union”.
2. This report covers the results of our audit of the profit and loss account for the ITU Telecom World 2014 event. This review is not to be considered as an audit of the financial statements drawn up under IPSAS, following which we issue an audit opinion. Its sole purpose is to inform the ITU Council that transactions in respect of this event have been correctly handled in the accounts.
3. The audit of the ITU Telecom World 2014 accounts submitted to us (Doc. C15/40 Annex A) are accurate and entries relating to the event have been correctly posted to account.
4. The event has been organized and managed under the rule of Resolution 11 (Guadalajara 2010. The new revision of that Resolution has been adopted in Busan Plenipotentiary Conference (October 2014) when the event was almost defined. In any case, both version of Resolution 11 provide at *resolves 4* that “*each ITU TELECOM event shall be financially viable and shall have no negative impact on the ITU Budget on the basis of the existing cost – allocation system as determined by the Council*”.
5. Concerning the ITU Telecom World organized in December 2014 in Doha, the result at 31 December 2014 was positive, equivalent to CHF 784,505.76 as shown in paragraph 19, whereas the positive result for the event held in 2013 in Bangkok was CHF 1,854,884, and in 2012 in Dubai was CHF 637,946.26.

## Legal Framework and scope of the audit

1. The rules applicable to world and regional telecommunication exhibitions and forums and similar events organized by the Union are set out in Article 19 of the ITU Financial Regulations and Financial Rules. Specific features are also identified in Resolution 11 (see above paragraph 4) and in the TELECOM Financial Rules and Procedures, which entered into force on 13 March 1998 and its updated version.
2. The Plenipotentiary Conference held in Busan 2014 confirmed almost entirely the text of the Resolution 11 on ITU Telecom events adopted in Guadalajara in 2010. While several issues of Guadalajara version of that Resolution have been carefully held present in this audit, exposing our analysis, comments and recommendations when appropriate, we considered also some effect subsequent to the revision of Resolution 11 in Busan 2014.
3. The audit described in this report is related to the accounts of the ITU Telecom World 2014, for the period from 1 January 2014 to 31 December 2014. These accounts reflect the expenses and revenue for this event and provide other additional information for the ITU Council. However they are not to be considered as financial statements drawn up under IPSAS, even though ITU has been applying the IPSAS standards since 1 January 2010. Only the consolidated financial statements of the Union, which are not subject of this audit, are drawn up under IPSAS.
4. The audited accounts are published in Annex A to Council 2015 document C15/40 English language version. We did not review the other annexes to that document (Annexes B, C, D and E). As also stated above in paragraph 2, this audit report is not accompanied by an audit opinion. An audit opinion is only issued in respect of the consolidated financial statements of the Union.

## Audit activities

1. Our audit was carried out in accordance with the Fundamental Principles of Auditing of International Standards of Supreme Audit Institutions (ISSAI) issued by the International Organization of Supreme Audit Institution (INTOSAI), and the additional terms of reference forming an integral part of the Union's Financial Regulations.
2. We have planned the working activities according to our audit strategy to obtain a reasonable assurance that there are no material misstatements.
3. We verified that the ITU Telecom World 2014 profit and loss sheet as at 31 December 2014 corresponded with the accounts submitted to us, testing on a sample basis that the entries relating to the event had been correctly assigned. The audits has covered book-keeping, revenues and expenses and recognition of the result.
4. We discussed and clarified all the issues with the responsible officials during the audit; we have tested, on a sample basis, a number of transactions and relevant documentation and we have obtained sufficient and reliable evidence in relation to the ITU Telecom World 2014 accounts.
5. On 30 March 2015, we presented our draft Audit Report to the Financial Resources Management Department and ITU Telecom Secretariat. The Report includes areas requiring improvement, as well as recommendations and suggestions to be brought to the Council’s attention, in accordance with Article 19 of the ITU Financial Regulations and Financial Rules. We received the Secretary-General comments on 28 April 2015.
6. We have been informed that no appeals or proceedings have been formally brought against the Union within the framework of ITU Telecom World 2014; no case of fraud or presumed fraud was reported to us.

## Acknowledgements

1. We would like to express our gratefulness to all the ITU Staff that openly collaborated with us and to whom we asked to supply information and documents.

# CHANGEOVER TO IPSAS

1. Following the shift to IPSAS, ITU Telecom World accounts are closed no later than the end of the financial year during which the event is held, in order to comply with the accrual principle. Thus, the accounts for ITU Telecom World 2014 were closed on 31 December 2014.

# KEY FIGURES

1. A table of the total budgeted and actual expenses and revenue is given below:



1. The comparison of net results between the actual value and the revised budget showed a significant variance, which is mainly due to some savings in direct expenditure. About our consideration on the need for more accuracy in drafting the budget, please refers to paragraph 29

## Exhibition Working Capital Fund

1. As stipulated in Article 19 par. 4 of the ITU Financial Regulations, any surplus income or excess expenditures resulting from world or regional exhibitions shall be transferred to an Exhibition Working Capital Fund (EWCF).
2. The positive outcome of ITU Telecom World 2014 resulted in an improved balance of the Exhibition Working Capital Fund. Also considering the withdrawal for ICT Development Fund of 2 MUSD (1.820.018,2 CHF) in August 2014, the level of EWCF remains slightly under 9 MCHF as at 31 December 2014.
3. The series of EWCF at 31 december for last 6 years is shown here below.

(MCHF)





## Relevant changes, budget revision and actual results.

1. Article 1, Part X, of the TELECOM Handbook of Financial Rules and Procedures states that “the Budgets for each Telecom exhibition, forum or other event shall be prepared, approved and signed by the Secretary-General not later than six months before the opening date of that event”. The budget for ITU Telecom World 2014, was approved on 9 June 2014.
2. According to Article 4, Part X, of the TELECOM Handbook of Financial Rules and Procedures “Budgets shall be revised as and when significant changes are foreseen not later than one month before the opening of the event”.
3. A revised budget was approved on 31 October 2014 due to the significant variations in estimations of revenues and expenses in the initial budget. At that date, the Host Country Agreement was not yet signed.
4. As a consequence of revisions in the draft agreement, many variations happened. The comparison of the budget with actual cost is a fundamental tool for orienting policies and for a clear accountability and for helping the Secretary General in fulfilling his duties, as we recommended in our previous reports.
5. As shown above, meanwhile a -20.6% variance of actual revenue from originally budgeted revenue was recorded, the variance in revised budget was only 0.7%. In the previous event the variance in revenues was respectively -4% and 9%. This is an important improvement, that we acknowledge, and this increased accuracy responds partially to our Recommendation 1 in last year report (see ANNEX 1 – Follow-up Table).
6. The variance of -23,9% between actual expenses and the original budgeted ones and of -7,3% between actual expenses and the revised budget were recorded. In the previous event the variance in expenses between the actuals and the budgeted ones, and the actuals and the revised budget were-16 and -2%, respectively. These differences will be considered in the follow up of the above-mentioned Recommendation.

## Actual figures in revised budget.

1. The copy of the revised budget produced by the Budget and Financial Analysis Division contains, as handwritten notes supported by SAP documentation, the actual figures, available at the date of its preparation, jointly with the budgeted ones. This good practice responds to what we suggested in our last year report (Suggestion no.1 2013, see ANNEX 1), wherein we mentioned that when the need of a revised budget occurs, it is preferred to indicated the actual figures at the date of budget revision.
2. For some revenues, we noted that in revised budget a higher amount was reported as “actual” at a certain date, meanwhile a lower amount was budgeted. This is because the actual figures were directly obtained from SAP, based on an invoice that was later superseded as referred to in paragraph 32 below.

### Issuance of invoices before signing a Sponsorship Agreement.

1. We acquired an invoice dated 8 October 2014 no. 6100014670, issued for a receipt of CHF 1,345,000 from the Organizing Agent as Sponsorship, whereas the revised budget and the actual figures consider that in the meanwhile the Host Country negotiated to give a lesser amount, for CHF 1,171,000, as eventually invoiced on 9 December 2014 (no. 6100015479, that superseded the previous invoice).
2. We observe that the first invoice for the Organizing Agent, with a higher amount, was issued before the signature of the Sponsorship Agreement.

Suggestion no. 1

We **suggest** Management to avoid issuing invoices for Sponsorships before the signature of the Sponsorship Agreement.

Comment by the Secretary-General

Invoices for sponsorships are normally issued only after the signature of sponsorship agreements. In this particular case, the invoice has been specifically requested by the sponsor (Organizing Agent) who later renegotiated the sponsorship fee. The revised amount of sponsorship was paid by the sponsor even without their signing the sponsorship agreement. Nevertheless, efforts shall be made to ensure that invoices are sent only after the signature of sponsorship agreements.

### Reporting on the event linking results, general objectives of Resolution 11 with KPIs

1. The Resolution 11 (Rev. Guadalajara, 2010) resolves 2) states “that the Secretary-General is fully accountable for ITU Telecom World activities (including planning, organization and finance)”.
2. We have analyzed the various parts of the process and, at the reporting stage, we have evaluated relevant reports which provide to the Secretary-General feedback of the results, with links and confrontations between KPIs and results, in the frame of the general objectives as stated in Resolution 11, and cost-effectiveness of the event.
3. We acquired the “Event Analysis” that has been carried out using internal resources and duly presented and explained to us on 10 March 2015.
4. We further acknowledge that the difficulty in obtaining data was due to issues relating to developing the registration system for the first time using SAP CRM system, and that development of the system is ongoing to address this for the next event.

## A timely signature of Host Country Agreement is needed.

1. The Host Country Agreement is one of the main documents necessary for drawing up an accurate and realistic budget. We already suggested that a timely signature of the Host Country Agreement will help in reducing deviations (*suggestion* no. 1/2012). Our observations for the actual situation in 2014 event on this specific point, are exposed in paragraph 43.

## Bidding process

1. Resolution 11 (Rev. Guadalajara, 2010) *resolves 5* declares that “the Union, in its venue selection process for ITU Telecom events, shall ensure: 5.1 an open and transparent bidding process, based on the model host-country agreement (…) with objective criteria – including financial viability; (…)”.
2. Circular letters to invite every ITU Member State to be candidate and to submit offers applying for hosting the annual event have been duly sent, however only a limited number of Member States would be interested in hosting the event and would be capable to sustain the financial burden; moreover, we acknowledge that a correct, open and standardized bidding process is in place, and the reason why there are few candidates might be caused by the not yet concluded financial crisis and the strong competition with other private organizations of similar events.
3. In our last year report, in the aim of making Event affordable for more aspiring Host Countries, we suggested (*suggestion* no. 7/2013, see ANNEX 1) to study scenarios for aspiring Host Countries to get fully leverage from investment they could make for hosting ITU Telecom World event, for a better compliance with Resolution 11 (Guadalajara 2010).
4. We consider that one of the few drivers is the reduction of the fixed amount of core expenses cost recovery. However, this will be possible with a clear basis on the calculation of the cost recovery as referred to in recommendation no. 3 of our report of last year (see also paragraphs. ‎59 and 60).

### Parties in Host Country Agreement

1. We take note that at *instruct the S.G. no. 8* of Resolution 11 (Busan 2014) he is requested to revise the model host-country agreement and use all the means possible to get it approved by the Council as soon as possible, with the said model host-country agreement to include clauses that allow the Union and the Host Country to make changes deemed necessary as a result of force majeure or other performance criteria.
2. On this basis, we observed that two major aspects affected the signing of the Host Country Agreement for WT 2014: 1) the very late date of the signature (1st of December 2014), that caused uncertainty about some of the conditions until the start of the event; 2) the prevalent role, formally as “Organizing Agent”, that one of the sponsors assumed in the process of defining the agreement, so that the Host Country Agreement itself has become substantially a three-party document.
3. Such dominance of one sponsor could prevent other competitors to participate; therefore, we consider that in the process of negotiating Host Country Agreement, the presence of an “Organizing Agent”, directly interested in visibility, that produces *de facto* a ‘three parties scheme” should not be adopted as a model.
4. Furthermore, it was reported to us that one cause of the unusual delay in signing the Host Country Agreement was this tripartite negotiation. Moreover, we consider that this model could be too strenuous for both ITU and Host Country, and able to alter the role of each part affecting the neutral image of the event.

Suggestion no. 2

We **suggest** Management that Host Country Agreements should involve two parties only, although taking into consideration, case by case, its feasibility.

Comment by the Secretary-General

The appointment of an Organizing Agent by the Host Country for 2014 to directly fulfil a number of its obligations was an arrangement not previously encountered. Careful attention shall be given to this issue specifically regarding arrangements with future Host Countries, and shall be considered within the context of the revised Model Host Country Agreement, as required by Resolution 11 (Busan 2014). For the 2015 event, the Host Country Agreement was recently signed involving two parties only.

# REVENUE

1. The slightly positive variation of actual revenue in respect to the revised budget (+0.7%) is due, in a relevant measure, to the significantly higher actual revenue (compared with budgeted one) registered for the value of services obtained as part of barters, especially those under Communications & Marketing (+14%).

### Barters value.

1. The services granted by media companies are registered as revenue balanced with the value of spaces and visibility in the event venue. As we considered in our previous reports, the nature itself of the barters does not allow to register a prevalence of revenues on expenses or vice-versa, unless a lack of performance on either side is registered.
2. While it could be relatively easy to verify the performing of the service if it consists in a printed page on a newspaper, it is not always possible to check the actuality of other services, such as duration of exhibiting a banner on a web site.

Suggestion no. 3

We **suggest** Management to improve the audit trail in a way that, when controlling, they will be able to assess the cost benefit and value for money of all barters, e.g. providing for a specific clause of “giving evidence” to be included in the barter agreements.

Comment by the Secretary-General

Action has been taken to include a new clause in Barter Agreements dated from May 2015 onwards requiring “evidence” of delivered services to be provided to ITU in a timely manner.

### Passes

1. The passes actually paying are around 9 % of the total. Virtual value of all the passes (included those given free or as benefits) amounts almost to 6 MCHF, whereas revenue for admission fees (forums and showfloor access throughout the event) was 377,300 CHF (872,000 in original budget and 604,000 in revised budget), sensibly less than in WT 2013 (673,780 CHF).
2. The results of the insourced “Event analysis” show that the policy of discount and free passes suffered some lack of effectiveness, since some opportunities have not been appreciated by buyers.
3. The above mentioned analyses, referred to the type of prices, revealed scarce attractiveness of Silver Passes and, considering the timing of the purchase, of “early bird” price: actually, an increase of pass sales, as Event Analysis shows, is registered only for the last week before the event.

Suggestion no. 4

Considering the results, we **suggest** Management to formulate a reasonable pricing policy in order to derive more revenue from passes.

Comment by the Secretary-General

The Sales Strategy for 2015 has addressed the issue of passes in a number of ways and ITU shall be measuring effectiveness through the following means: the unit price of all pass categories has been significantly reduced to increase attractiveness; the volume of free forum passes provided as a benefit to clients purchasing space or sponsorship has been reduced, in the expectation that this will result in additional purchases by clients; and a low-cost exhibition pass has been introduced to increase attendance to the Showfloor.

### Exhibition

1. The selling of raw space was significantly lower than what was originally budgeted. Furthermore, the trend, constant in last three events, shows favourable source of revenue from other solutions. Among them, the “turnkey” option met very well the demand from exhibitors.
2. Although original budget had not considered entirely the dimension of that trend, in revised budget the actual figures at that date permitted a more precise prevision. On the other hand, we noted that the cost for construction and set-up of turnkey solution packages was substantially lower than predicted.

Suggestion no. 5

Considering the relevance in generating revenue from turnkey solutions, we therefore **suggest** Management to study the possibility of having an even larger variety of turnkey pavilions for better utilization of this economic opportunity.

Comment by the Secretary-General

The 2015 rate for a Turnkey Solution provides for an increased value proposition compared with raw space. An additional low-cost turnkey product has also been developed to attract Small and Medium Enterprises (SMEs) and Startup companies with low budgets for event participation. ITU shall continue to monitor the appeal and cost benefit of these products.

# EXPENSES

### Cost Recovery

1. Although, as answered by Secretary-General last year to our Recommendation 3/2013, “The amounts of cost recovery for 2014 and 2015 have already been defined in the approved biennial budget”, a study on cost recovery charges has been conducted by FRMD the outcome of which was sent for comments to the ITU-Telecom Secretariat in October 2014.

Recommendation no. 1

We have been informed that the outcome of the study on cost recovery is currently being discussed. Once finalized, we **recommend** Management to use the outcome of the study as a basis in establishing the amount of cost recovery charges.

Comment by the Secretary-General

A detailed study on cost recovery had been conducted by the Financial Resources Management Department, the outcome of which has been shared with ITU Telecom Secretariat and is currently being discussed. The outcome of the study on cost recovery shall be used as a basis in determining the chargeable amount of cost recovery.

## Staff costs

1. We noted that for temporary staff an amount of 24.678,05 CHF is referred to accrued leaves. In some cases, a high number of days (up to 19) of unused leave have been considered.

# Correspondence of Budget and Results

1. In some case the disclosure of actual revenues and expenses does not follow correctly the breakdown of the budget (e.g.: sponsorship of registration service among revenues, Innovation Space and some other “spaces”); this does not allow a direct comparison amongst figures, and an analysis on them.

Recommendation no. 2

We acknowledge the efforts made by Management in preparing a reliable budget and **recommend** Management to strictly follow the same budget breakdown in result reporting.

Comment by the Secretary-General

Efforts shall be made towards a closer coordination between the ITU Telecom Secretariat and FRMD to address this issue.

# Registration service

1. We verified that our previous recommendation (Rec. n. 2 in our report on Dubai 2012), about the insourcing of registration services, has been duly followed. However, our interviews showed some lack in flexibility, but we can acknowledge that the cooperation with internal resources gives the possibility of continuous improvements year after year, with the sharing of specific experiences.
2. We will monitor this issue to verify the actual improvements.

### Policy concerning strategic expenditures

1. Resolution 11 (Rev. Guadalajara, 2010) highlights in several sections the need to enhance the participation of Developing Countries, in particular with reference to considering “a) (...) promoting the extension of the benefits of the new telecommunication technologies to all the world's inhabitants (...)” and in considering “d) (...) possibilities of applying these achievements for the benefit of all Member States and Sector members, particularly the developing countries”.
2. Furthermore, Resolution 11 instructs the Secretary-General 3) prescribes that “[Secretary-General] could consider measures that will enable and assist Member States which are capable and willing to do so, particularly developing countries, to host and stage ITU TELECOM events”.
3. Management clearly reported that several measures are in favor of the objectives stated in the aforementioned Resolution 11, such as: a) a programme of fellowship; b) discounts; c) help in building national pavilions; d) creating networking meeting etc.
4. With reference to our previous Suggestion 8, we verified that for Least Developed Countries and Low Income Countries Fellowship Programme an amount of 100 kCHF was budgeted but only 76% was spent. Although we welcome any savings, we have to consider that in some cases a more complete expenditure reflects more likely the compliance with the above mentioned principles and rules.
5. We noted that in 2014 event (and similarly in previous Telecom World events) awards for Young Innovators have been given for less of the half of the budgeted amount (80,000 CHF budgeted, 35,397 CHF actual expenses).

Suggestion no. 6

We **suggest** Management to analyse which budget line related to expenses are strategic and consequently, once decided, to assess if savings related to these strategies would be appropriate.

Comment by the Secretary-General

The actual expenses incurred for fellowships including awards for Young Innovators are directly related to the number of eligible applications. Notwithstanding, ITU shall analyze any potential savings on these and other budgeted items that could be considered as strategic expenses and carefully assess the impact on the success of the event.

## KPIs and Post Event Survey

1. Results of KPIs analysis are basically aimed at helping Management in its strategic decisions, and can be also partially useful in strengthening some evidence we already obtained.
2. Originally, an amount of 10 kCHF was budgeted for the survey, but according to our general indication for insourcing activities when possible, no external service was purchased.
3. On 17 December 2014 a “Post event online Survey” was also started about some aspect of ITU Telecom World 2014, using a specialized software. After sending three reminders to those who did not respond, the survey was closed on 2 January 2015.

### Prize draw

1. Only an 8% of answers have been obtained, although an incentive of a “prize draw” was offered to those who replied before 31 December 2014. We obtained evidence that a random draw has taken place and that 10 watches have been sent to the winners of the draw, in different parts of the world.
2. The cost of sending the prizes (watches) has been recorded in the accounts of WT14 financial statements under Communications and Marketing postage and freight services budget line. However, for one invoice that arrived in February 2015, an accrual to the 2014 event should have been disclosed.

Suggestion no. 7

We **suggest** Management to allocate budgetary provisions in the future should significant expenses relating to the prize draw be foreseen.

Comment by the Secretary-General

Budgetary provisions shall be made for the prize draw should significant expenses be envisaged. Although the event budget includes cost of postage and freight services, FRMD shall be informed by ITU Telecom in due course should additional invoices be anticipated after the accounts closing to allow the relevant allocation of provisions.

## Gender distribution

1. We acknowledge the efforts made by Management to tackle the gender issue that we have included in our last report as Suggestion no. 9. In first place, while in Bangkok 2013 participation to the Forum sessions was unbalanced in favour of the male gender at a rate of 82%, while in Doha 2014 the percentage diminished slightly, at 79%.
2. However we recognize that an increasing number of female speakers have been invited. Although this represents a good start for compliance with the principles we raised last year, we intend to go on monitoring further the results of the above mentioned efforts.

### Diminishing number of Exhibitors and participants

1. From the insourced “Event Analysis”, we noted that while square meters of exhibitions increased (5,812 SQMs instead of expected 4,300), a lesser number of exhibitors were present (with 16 national pavilions instead of 18 targeted) and only 27 financial contributors (compared with a target of 80) participated to the show-floor. Financial report presents a total of 3,945 SQMs paid exhibition space (including turnkey solutions) and revenue of 2,510 kCHF, which represents a decrease of 22%, compared to 2013 figures.
2. Apart from the financial effect, this trend, whereas confirmed, could endanger the perception and the significance of the event.
3. Participations of leaders were much less than expected (205 instead of 350). There were less governmental officials and more operators and regulators. The percentage of participation of private/public sector’s leaders was 35/65, whereas the expected ratio declared in the KPI Event Analysis was 50/50.
4. In the meeting of 10 March 2015 with World Telecom staff it has been assumed that this problems of scarce participations is partly due to the recent ITU Plenipotentiary Conference in Busan, that could have drained, for States with limited budget, resources allocated for similar events.

Recommendation no. 3

We **recommend** Management to continue its effort in consolidating the exhibitors’ presence and participants’ number.

Comment by the Secretary-General

As of 2015, ITU Telecom will enter a transitional period to present itself as an international platform with a focus on ICT entrepreneurship and SME support initiatives. With such re-positioning, there will be an opportunity to engage a new wider audience, while still fulfilling the mandate for Member States. Additional focus and relevance is being given to the exhibition in order to significantly increase the number of participants. KPIs are being established to monitor progress.

### Problems with Visas

1. In the above mentioned meeting with World Telecom staff, problems with Visas have been reported to us. This caused cancellations. We think that such issue is not easy to be raised in the relations with the Host Country. Nevertheless, it has to be considered that a wider participation to the Telecom World events is in ITU’s and stakeholders’ benefit.

Suggestion no. 8

We **suggest** Management to request Member States to facilitate the issuance of visas to participants of ITU Telecom World events.

Comment by the Secretary-General

ITU is continuing to draw close attention to this issue during discussions with future Host Countries, and to reinforce the importance of implementing efficient and timely processes for visa applications for participants from all Member States.

### Forum sessions and Media presence

1. Forum sessions had some cases of very scarce attendance. Overcrowded were sessions with lunch: for MC1 and MC3 on Second Day, TC1 and TC2 on Third Day and WC1 on Fourth Day, the attendance exceeded the capacity of the room.
2. All attendance indicators show a sharp decrease of Forum participants during the event (from around 2000 the first day to less than 1200 the last day).
3. The survey shown a scarce attention of the Media for the forum sessions after the first ones (87 attendee on first day, then 54, 37, 20 in following days).

Suggestion no. 9

We **suggest** Management to conduct a study on the duration of the event, and on the distribution of main meetings and relevant conferences along the entire event, to maintain the awareness of the Media for a longer period.

Comment by the Secretary-General

Efforts shall be made to assess the optimal duration of the event and scheduling of meetings and relevant conferences to encourage media to maintain their interest throughout the event. In addition, further efforts shall be made to schedule press conferences and announcements throughout the event to stimulate and maintain media interest.

### Global dimension

1. The global dimension of the Telecom World event is even more every year endangered by the regional distribution of participants: in Doha 2014 48% of participants came from Arab States and very few from Europe and Americas regions. On the positive side of this situation, it has to be noted that the principal emerging markets were represented.
2. The rotation of the venues is only a partial solution of the problem of preserving the global dimension of the event.

Suggestion no. 10

Therefore, we **suggest** Management to study any communication and advertising activity to strengthen the image of a global dimension of ITU Telecom World event.

Comment by the Secretary-General

Further efforts shall be made to determine and engage the best communication and advertising channels to strengthen the global dimension of ITU Telecom events, within the established budgetary provisions.

# FOLLOW-UP

Here below annexed are the tables of follow up of our previous recommendations and suggestions.

# ANNEX I – Follow-up of observations in previous reports

**Recommendations**

|  | **Recommendation raisedby Italian Corte dei conti** | **Comments received from Secretary-General at the time of the issuance of the report** | **Status asreported by ITU Management** | **Status on actions taken by Management as evaluated by Italian Corte dei conti**  |
| --- | --- | --- | --- | --- |
| **Rec. 3****2012** | Although we fully understand the necessity for ITU to have this cost-recovery applied in ITU Telecom World 2012, due to the relevant impact of the cost-recovery on the final result of the event, we have found no sufficient evidence on the cost-accounting process that implement such determination of the value of the cost recovery. Therefore we recommend that Management better disclose, in the decision process of the coming years, all the relevant elements, that are essential in the correct determination of this value.  | A study shall be conducted to identify, as of 2016, in a coherent manner, the basis in determining the value of cost recovery that will be chargeable to an ITU Telecom event. The amounts for 2014 and 2015 have already been determined in the ITU budget for that period. | The detailed study on cost recovery charges for ITU Telecom has been completed in relation to 2013 Recommendation no. 3. Action completed. Closed. | Closed |
| **Rec. 4****2012** | However, Resolution 11 (Rev. Guadalajara, 2010) *resolves 5.6* indicated “that fixed venues are negotiated for three consecutive events, after which a new call for bids will be conducted for the next three fixed events”. Consequently, although we understand the difficulties expressed by the Management and the fact that this is the first year of implementation of Resolution 11, we recommend to start organizing in the next years calls for bids, in order to fulfil the requirements of the Resolution. | Through a Circular Letter distributed to all Member States, ITU invites countries interested in hosting ITU Telecom events to submit offers. To date, most of the proposals have been limited to the organization of a single event. | The hosting of ITU Telecom events will continue to be based on the review of proposals received from potential host countries.  | Closed |
| **Rec. 1****2013** | We consider that the budget should be based on a more realistic and attainable budget assumptions in order to avoid the burden of revision. Therefore, we recommend that the budget reflects realistic and attainable assumptions.  |  Efforts will be continued in refining budget assumptions while taking into account the support from Host Countries which translates into the need for ITU to make adequate contingency planning. |  In conformity with Corte dei Conti’s 2012 Recommendation no. 1 as well as with this Recommendation, the ITU Telecom World 2014 budget has been revised. Action completed. Closed.  | Closed |
| **Rec. 2****2013** | Some revenue from upgrading passes, realized directly with a cash operation at the Event opening, have not been timely registered in the system and only lately regularized. Although the fact is not marked with materiality, we recommend that a standard procedure for such cases should be adopted. |  A written standard procedure will be provided for pass upgrades. The possibility of reflecting the upgrade in the system by the registration team at the back office during the end of the day is being discussed. The possibility of a technical solution for upgrades in the registration system is being explored. |  The procedure for pass upgrades has been established prior to ITU Telecom World 2014 and a copy was provided to the Auditor. Action completed. Closed.  | Closed |
| **Rec. 3****2013** | Considering that there are no recent analyses of the measure and the composition of Cost Recovery lump-sum, we recommend the Management to provide a clear basis on how the amount of cost recovery is arrived at. |  The amounts of cost recovery for 2014 and 2015 have already been defined in the approved biennial budget. For the cost recovery from 2016, a detailed study will be completed which will serve as the basis for the charges. |  The detailed study on cost recovery charges for ITU Telecom has been completed. This is also in compliance with 2012 Recommendation no. 3. Action completed. Closed.  | Closed |
| **Rec. 4****2013** | We recommend that ITU-Telecom organization makes sure to preserve a possibility of choice also in case of free services that are offered by Host Country. |  ITU will carefully review free services proposed by the Host Country to assess adequacy of the anticipated quality level. |  On-going | On-going |

## Suggestions

|  | **Suggestion raisedby Italian Corte dei conti** | **Comments received from Secretary-General at the time of the issuance of the report** | **Status asreported by ITU Management** | **Status on actions taken by Management as evaluated by Italian Corte dei conti** |
| --- | --- | --- | --- | --- |
| **Sugg. 2****2012** | Although such document provides several elements of feedback, we observed that there is no direct link between KPIs and general objectives as stated in Resolution 11. Therefore we suggest for the next event 2013 to adopt, prior to the start of the event, accurate and robust KPIs linked with generally agreed, reliable and measurable objectives, having as a reference the Resolution 11.  | For future ITU Telecom events additional KPIs will be defined to reflect provisions of the Resolution 11. | Additional and relevant KPIs for 2013 and 2014 events have been established, measured, analyzed, and provided to the External Auditor. Such action has become a standard procedure for each event. Closed.  | Closed |
| **Sugg. 3****2012** | We are aware that Management considers flexibility an important driver for attracting participants, however we suggest to monitor in the coming years the result of this policy, assessing its convenience and evaluating its degree of impact on sales revenue, not only to arrive at the decision whether to maintain it or not, but also to reach a more accurate forecast of the revenues in the budget. | The flexibility provided by the discount policy has enabled ITU Telecom to engage with and secure the participation of key industry players. ITU Telecom will continue to monitor the policy to ensure it effectively serves its purpose and reflects developments in our rapidly changing ecosystem. Discounts are only one of several elements partners/clients consider before deciding to participate. There is no direct correlation between revenues and discount policy. | ITU Telecom is continuing to monitor the discount policy and ensure effectiveness. On-going. | On-going |
| **Sugg. 5****2012** | We understood from the Management that barters are important for ITU Telecom World 2012 not only to attract companies and investors but also to acquire critical services and products. We noticed that the valuation of such services, in particular, the calculation of benefits to ITU are mostly based on quoted market value as expressed in rate cards. However, when such information is not available, estimates are sometimes made. Therefore, we suggest that the information on the benefits to ITU as well as the services provided by ITU be more clearly presented in a measurable manner, in order to better show if a barter is more or less favorable to ITU. | Barter agreements are important to attract companies/investors and cost-effectively acquire critical services/products. All barters opportunities are rigorously evaluated and information on benefits to ITU as well as services provided by ITU is readily available. | Action completed. Closed. | Closed |
| **Sugg. 1****2013** | **Revised budget and actual status** Since we consider these information as tools for better evaluations, we suggest to add reference to the actual status of revenue and expenses when a revised budget is prepared. |  During each budget revision exercise, the actual revenue and expenses are always taken into consideration, the amounts of which are constantly changing. The relevant figures will be made available in a separate document from the budget. | Action completed. Closed. | Closed |
| **Sugg. 2****2013** | **KPI’s categories** We consider that an improvement in fixing of categories could be useful to clearly presentKPIs, showing a more detailed view, and therefore we suggest it.  |  KPIs have been defined and are being tracked. Efforts will be continued in refining the KPIs and using them to guide the design and staging of ITU Telecom World events. | On-going | On-going |
| **Sugg. 3****2013** |  **Discounts**We suggest to analyze more carefully the behavior of buyers and to modify the conditions for this discounted fee, choosing a later period, or eliminating it. |  The flexibility provided by the discount policy has enabled ITU Telecom to engage with and secure the participation of key industry players. ITU Telecom will continue to monitor the policy to ensure it effectively serves its purpose and reflects developments in our rapidly changing ecosystem. Discounts are only one of several elements partners/clients consider before deciding to participate. There is no direct correlation between revenues and discount policy. | A new Policy and Procedure which includes discounts has been established for ITU Telecom World 2015, a copy of which has been given to the External Auditor. Action completed. Closed. | Closed |
| **Sugg. 4****2013** | **Unused spaces** Conceded that it is a choice of the third parts not to use spaces at their disposal, a deserted area of the Show-floor could have negative impact on the perception of Media interest for the event. We therefore suggest to identify as early as possible such unused spaces and convert them in an appropriate way.  |  Efforts will be continued in optimizing showfloor utilization taking into account last minute cancellations and the increased expenses associated with the repurposing of “unused” spaces.  | On-going | On-going |
| **Sugg. 5****2013** |  **Media presence**Since data on presence show a reduction of the presence (5%) of visitors of the Media sector (quota was 8% in WT12), we suggest to consider and analyze this decrease with the aim of getting a clear view of level of interest of different kinds of media that the Event arises. |  Efforts will be continued in enhancing the participation of quality media groups including new media and through creative partnerships and remote participation. | On-going | On-going |
| **Sugg. 6****2013** |  **Barters should be better disclosed.**We have to suggest again (as last year, Rec. 5/2012) to increase the level of disclosure of these services and facilities provided by ITU Telecom and to monitor the value of each barter.  |  Barter agreements are important to attract companies/investors and cost-effectively acquire critical services/products. All barters opportunities are rigorously evaluated and information on benefits to ITU as well as services provided by ITU is readily available. | Action completed as in 2012 Suggestion 5. Closed. | Closed |
| **Sugg. 7****2013** |  **Make Event affordable for more aspiring Host Countries**We suggest to study scenarios for aspiring Host Countries to get fully leverage from investment they could make for hosting ITU Telecom World event, for a better compliance with Resolution 11 (Guadalajara 2010). | Host countries have systematically expressed satisfaction for hosting ITU Telecom events. Efforts will be continued in increasing the positive impact of hosting ITU Telecom events. .  | On-going | On-going |
| **Sugg. 8****2013** |  **Participation of developing countries to the events**We acknowledge the effort of the Management in facilitating the participation of developing Countries, also as follow-up of our recommendations and suggestions in last year’s report (see Sugg. 7/2012), and we suggest to continue implementing measures to assist the developing Countries, possibly increasing the number of initiatives dedicated to them. |  Efforts will be continued in facilitating the participation of developing countries as well as in implementing measures to assist these countries, while considering the possibility of increasing the number of initiatives and financial resources for such purpose within the financial limitations of the Union. | On-going | On-going |
| **Sugg. 9****2013** | **Gender distribution** Although participation to the Forum cannot be conditioned on a gender basis, we suggest to tackle the issue and study a way to correct this unbalance |  Efforts will be continued in improving the gender balance amongst participants. | Improvement has been made but ITU shall continue its efforts to further improve gender balance among participants. | On-going |
| **Sugg. 10****2013** |  **Possible weakening of identity of ITU TW events**We believe that Management has to be ready for a critical rethinking of the event and of the proportion of its components, to preserve or to change the identity itself of the Event.Since such decisions are in the scope and at the attention of the Plenipotentiary Conference, we suggest that the Management presents a study on that matter to assist the Plenipotentiary Conference in arriving at good decisions |  The transformation of ITU Telecom initiated following the PP-10 has proven successful as confirmed by financial results and various surveys. Efforts will be continued in refining the value proposition to regain preeminence. |  As of 2015, ITU Telecom will enter a transitional period to present itself as an international platform with a focus on ICT entrepreneurship and SME support initiatives. With such re-positioning, there will be an opportunity to establish a new identity and relevance. | On-going |

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