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| **Council 2018 Final meeting, Dubai, 27 October 2018** |  |
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| **Agenda item: ADM 10** | **Document C18/125-E** |
| **9 October 2018** |
| **Original: English** |
| **Report by the Secretary-General** | |
| SPECIAL REPORT OF THE EXTERNAL AUDITOR | |

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| **Summary**  The special report of the External Auditor covers two Regional Offices (Brasilia and Addis Ababa) and two Area Offices (Santiago and Dakar). The field audit on the Regional Office for the Americas (RAM) was performed from 22 to 26 January 2018 (in the Regional Office of Brasilia) and from 29 to 31 January 2018 (in the Area Office of Santiago). The field audit on the Regional Office for Africa (RAF) was performed from 15 to 18 January 2018 in the Regional Office of Addis Ababa and from 22 to 26 January 2018 in the Area office of Dakar.  **Action required**  The Council is invited to note the special report by the External Auditor.  \_\_\_\_\_\_\_\_\_\_\_\_  **References**  [*Financial Regulations (2010 edition)*](http://www.itu.int/council/finregs/Regl_Fin_10e.pdf)*: Article 28 and additional terms of reference* |

  
Corte dei conti

**SPECIAL REPORT OF THE EXTERNAL AUDITOR**

**INTERNATIONAL TELECOMMUNICATION UNION**

***Is it possible to measure the Regional Offices’ contribution towards the objective of “strengthening the regional presence”?***

**2018**

# The Audit Team

Special reports set out the results of performance and compliance audits of specific budgetary areas or management topics.

This special report covers two Regional Offices (Brasilia and Addis Ababa) and two Area Offices (Santiago and Dakar). The field audit on the Regional Office for the Americas (RAM) was performed from 22 to 26 January 2018 (in the Regional Office of Brasilia) and from 29 to 31 January 2018 (in the Area Office of Santiago). The field audit on the Regional Office for Africa (RAF) was performed from 15 to 18 January 2018 in the Regional Office of Addis Ababa and from 22 to 26 January 2018 in the Area office of Dakar.

The audit team for RAM was led by Counsellor. Maria Annunziata Rucireta, Member of the Corte dei conti’s Audit Chamber for European and International Affairs, and was composed of Mr. Stefano Penati and Mr. Flavio Giuseppone, as auditors.

The audit team for RAF was led by Counsellor Giacinto Dammicco, Member of the Corte dei conti’s Audit Chamber for European and International Affairs, and was composed of Ms. Valeria Leopizzi, as auditor.

During the field visits, the local staff were very helpful and actively cooperated in the audit activities; we therefore wish to thank them for their assistance and collaboration.

This report was approved by the Audit Chamber for European and International Affairs.

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# Glossary and abbreviations

|  |  |
| --- | --- |
| **AO** | Area Office |
| **BAAP** | Buenos Aires Action Plan |
| **BDT** | Telecommunication Development Bureau |
| **DACI** | Declaration of absence of conflict of interest |
| **DuAP** | Dubai Action Plan |
| **ERM** | Enterprise Risk Management |
| **IEE** | Infrastructure, Enabling Environment and E-Applications Department |
| **IP** | Innovation and Partnership Department |
| **KPI** | Key Performance Indicator |
| **PKM** | Projects Knowledge Management Department |
| **PP** | Plenipotentiary Conference |
| **RAF** | Regional Office for Africa |
| **RAM** | Regional Office for Americas |
| **RD** | Regional Director |
| **RO** | Regional Office |
| **RR** | Risk Register |
| **SDG** | Sustainable Development Goal |
| **TDAG** | Telecommunication Development Advisory Group |
| **WSIS** | World Summit for the Information Society |
| **WTDC** | World Telecommunication Development Conference |

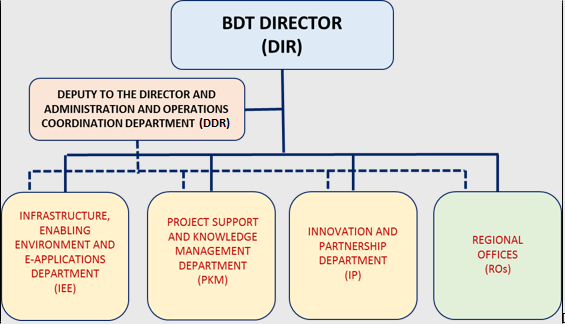
# Executive Summary

1. Performance measurement gives assurance of value for money, increases accountability and enhances the legitimacy of decisions. It is now internationally recognized that a good set of performance indicators also gives a better understanding of why targets are, or are not, being achieved, thus supporting the decision-making process.
2. Our audit focused on the activities carried out by Management for maintaining ITU’s field presence in accordance with the objectives set by PP Res. 25 (Rev. Busan, 2014) and for ensuring the effectiveness and efficiency of its mission in the field.
3. We found that several actions were carried out at local level, and regularly reported under a number of instruments. However, there were no specific objectives assigned to each Regional Office under PP Resolution 25 and/or other strategic tools associated with it. As a consequence, there is no systematic ex post account of ROs' qualitative and quantitative performance against headline targets, except for the survey of satisfaction conducted once every four years. Nor was there a comprehensive risk management process, since the assessment of risks did not include those risks specifically related to field activities carried out by local offices.
4. This does not allow us to conclude on how effectively and efficiently ROs are contributing, within the current set of resources, to the achievement of ITU’s strategic objectives and what measures are required to mitigate the administrative and reputational risks linked to ITU’s presence in the field. In line with the UN principle of result-based management, performance information for the individual offices should be given more focus and importance in the future. To make the best use of this performance information across ITU, there is a need for extra focus on ITU-D co-ordinating capacity and assessment of potential risks (including in respect of the procurement process).
5. At its meeting of 5 October 2018, the Audit Chamber for European and International Affairs of the Corte dei conti adopted the report with the following conclusions: "As a result of the contradictory procedure, some editorial changes were made to the report, as suggested by the auditee. As for the substance, we note that Management concurred with most of our recommendations. Where this is not the case, in particular with regard to the possibility of measuring the performance of ROs by means of specific objectives and indicators, we do not consider that the objections made should cause us to change the position expressed in the text of the report".

# Introduction

## ITU framework and activities for Telecommunication Development

1. The Telecommunication Union (ITU), which was established in Paris in 1865 as the International Telegraph Union, is the oldest UN specialized agency. It promotes global cooperation for a connected world.
2. Within the Union, the Telecommunication Development Sector (ITU-D) has the mission to foster international cooperation and solidarity in the delivery of technical assistance and in the creation, development and improvement of telecommunication and ICT equipment and networks in developing countries. The strategic goal of ITU-D is threefold and includes: promoting the availability of infrastructure and fostering an environment to enable it to be used in a safe and secure manner; providing assistance to developing countries in bridging the digital divide; expanding the benefits of the information society to its membership in cooperation with public and private stakeholders and promoting the integration of telecommunications/ICTs into the broader economy and society, as drivers of development and growth. To fulfil this mission, ITU-D is required to create tools and guidelines and to implement projects with a view to offering, organizing and coordinating technical cooperation and assistance[[1]](#footnote-1).
3. The work of the Telecommunication Development Sector is supported by its Secretariat, the Telecommunication Development Bureau (BDT).
4. The Telecommunication Development Bureau is structured in four Departments at the Headquarters in Geneva and 13 Regional and Area Offices in the field. The latter are meant to bring the Union as close as possible to its membership by delivering timely and high-quality results at country and regional levels.
5. The DDR department is structured in three Divisions: 1. Financial and Budget Administration, 2. Support Service and 3. IT Support.



1. The IEE department is structured in four Divisions: 1. ICT Application and Cybersecurity, 2. Regulatory and Market Environment, 3. Digital Inclusion, 4. Telecommunication Network and Spectrum Management.
2. The PKM department is structured in four Divisions: 1. Human Capacity Building, 2. ICT Data and Statistics, 3. Least Developed Countries, Small Islands Developing States and Emergency Telecommunication, 4. Project Support.
3. The IP department is structured in four Divisions: 1. Innovation, 2. Partnership and Resource Mobilization, 3. Membership and Private Sector, 4. Study Groups.
4. The Regional Offices include 5 Regional Offices located in Addis Ababa (for Africa), Brasilia (for the Americas), Cairo (for the Arab States), Bangkok (for Asia and the Pacific), and Moscow (for CIS countries). In addition, there are the ITU Office for Europe at ITU HQs in Geneva and area offices located in Dakar, Harare, Yaoundé, Bridgetown, Santiago, Tegucigalpa and Jakarta.
5. The Governing Bodies of ITU-D are the Telecommunication Development Advisory Group (TDAG) and the World Telecommunication Development Conference (WTDC).
6. The Telecommunication Development Advisory Group (TDAG) reviews the priorities, strategies, operations and financial matters of ITU-D, and advises the BDT Director on the implementation of WTDC Action Plans, including issues relating to the budget and operational plans of the Sector. TDAG is open to the representatives of Member States and Sector Members, as well as to the chairmen and vice-chairmen of Study Groups. In addition, the BDT Director may invite representatives from bilateral cooperation, development aid agencies and multilateral development institutions to participate in TDAG’s meetings.
7. The World Telecommunication Development Conference (WTDC) is organized by ITU-BDT in the period between two Plenipotentiary Conferences with the aim of considering topics, projects and programmes relating to telecommunication development. WTDCs, set the strategies and objectives for the development of telecommunication/ICT and provide future direction and guidance to ITU-D.

## ITU’s Regional Presence

1. Thirteen field offices have been established to strengthen the ITU's regional presence, with the main task of maintaining direct contact with national authorities, regional telecommunication organizations and other key stakeholders.
2. The ITU’s presence in the Americas Region is provided through the Regional Office of Americas, based in Brazil[[2]](#footnote-2) (Brasilia) and three Area Offices, based in Honduras[[3]](#footnote-3) (Tegucigalpa), Chile[[4]](#footnote-4) (Santiago), Barbados[[5]](#footnote-5) (Bridgetown).
3. Its presence in the Africa Region is provided through the Regional Office for Africa, based in Ethiopia[[6]](#footnote-6) (Addis Ababa) and three Area Offices, based in Senegal[[7]](#footnote-7) (Dakar), Zimbabwe[[8]](#footnote-8) (Harare), Cameroon[[9]](#footnote-9) (Yaoundé).
4. Regional Offices are headed by a Regional Director (RD), who reports to the Director of BDT, whilst Area Offices are headed by a P-5, who reports to the Regional Director.

## The Dubai and Buenos Aires Action Plans

1. During the World Telecommunication Development Conference (WTDC-14) held in Dubai in 2014, the Dubai Action Plan (DuAP) was adopted in order to define a package of activities in the area of telecommunications and information and communication technologies, including networks, applications and services, for the 2015-2018 period. It was built around five objectives:

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| **DUBAI ACTION PLAN (WTDC-14)** | | | | |
| **Objective 1** | **Objective 2** | **Objective 3** | **Objective 4** | **Objective 5** |
| Foster international cooperation on telecommunication/ICT development | Foster an enabling environment for ICT development and foster the development of telecommunication/ICT networks as well as relevant applications and services, including bridging the standardization gap | Enhance confidence and security in the use of telecommunications/ICTs, and the roll-out of relevant applications and services | Build human and institutional capacity, provide data and statistics, promote digital inclusion and provide concentrated assistance to countries in special need | Enhance environmental protection, climate-change adaptation and mitigation, and disaster-management efforts through telecommunications/ICTs |

1. As stated in the “FINAL REPORT WORLD TELECOMMUNICATION DEVELOPMENT CONFERENCE Dubai, United Arab Emirates 30 March – 10 April 2014”, “*The Dubai Action Plan follows a results-based structure, in which outcomes are identified for the objectives, and key performance indicators (KPIs) are identified for each output. Outputs are all the products and services ITU-D will develop and deliver to members [...] in order to achieve the related ITU-D strategic objectives".* For each of the objectives, the following information is provided: 1. title of the objective; 2. outcomes; 3. description of the related outputs; 4. key performance indicators for each output; 5. implementation framework, including Programmes, Regional initiatives, Study group questions, resolutions and recommendations, and facilitation of World Summit for the Information Society (WSIS) action lines. The Dubai Action Plan outlines the ITU-D mandate for the 2015-2018 period. It could be updated or modified by the Telecommunication Development Advisory Group (TDAG) to reflect changes in the ICT environment and/or as a result of performance evaluations to be conducted each year. The Dubai Action Plan structure follows the same structure as the strategic plan, so as to ensure a consistent planning hierarchy and linkage across the different planning tools and instruments within ITU (strategic, financial and operational planning).
2. During the World Telecommunication Development Conference (WTDC-17), held in 2017 in Argentina, the Buenos Aires Action Plan (BaAP) was adopted, in order to establish a package of activities in the area of telecommunications and information and communication technologies, including networks, applications and services for the 2018-2021 period. The BaAP was built around four objectives, aligned with the strategic objectives of ITU.

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| **BUENOS AIRES ACTION PLAN (WTDC-17)** | | | |
| **Objective 1** | **Objective 2** | **Objective 3** | **Objective 4** |
| Coordination: Foster international cooperation and agreement on telecommunication/ICT development issues | Modern and secure telecommunication/ICT infrastructure: Foster the development of infrastructure and services, including building confidence and security in the use of telecommunications/ICTs. | Enabling environment: Foster an enabling policy and regulatory environment conducive to sustainable telecommunication/ICT development. | Inclusive digital society: Foster the development and use of telecommunications/ICTs and applications to empower people and societies for sustainable development |

1. Like the preceding Plan, also the BaAP follows a results-based structure, in which outcomes are identified for the objectives. For each of the objectives, the following information is provided: 1. title of the objective; 2. outcome and related performance indicators; 3. outputs and related activities, including Programmes, Regional initiatives; Study Group Questions; References to relevant PP resolutions, WTDC resolutions and recommendations, World Summit on the Information Society (WSIS) action lines and Sustainable Development Goals (SDG) and targets.
2. These objectives are mirrored in the ITU-D Strategic and Operational Plans. A summary of the general results achieved on the overall implementation of the objectives of the ITU-D Plans is regularly set out in the quarterly Implementation Reports, which also provide an overview of the budgetary performance for the period considered.

## Initiatives to implement the Dubai and Buenos Aires Action Plans in the Americas Region

1. Initiatives are identified in each Action Plan per development region. They may vary over time, based on emerging needs. The regional preparatory meetings (RPMs), organized by BDT before each conference, contribute towards identifying priority issues at the regional level and serve as a basis for WTDC decisions.
2. The Dubai Action Plan has identified the following five initiatives for the Americas Region:

* AMS1 Emergency telecommunications
* AMS2 Spectrum management and transition to digital broadcasting
* AMS3 Development of broadband access and adoption of broadband
* AMS4 Reduction of telecommunication service prices and internet access costs
* AMS5 Capacity building to engage in global ICT policy, with special focus on improving cybersecurity and developing countries’ participation in the existing internet governance institutions.

1. The Buenos Aires Action Plan has identified the following five initiatives for the Americas Region:

* AMS1 Disaster risk reduction and management communications
* AMS2 Spectrum management and transition to digital broadcasting
* AMS3 Deployment of broadband infrastructure, especially in rural and neglected areas, and strengthening of broadband access to services and applications
* AMS4 Accessibility and affordability for an inclusive and sustainable Americas region
* AMS5 Development of the digital economy, smart cities and communities and the Internet of things, promoting innovation.

1. An objective and a list of results are associated with each initiative.

## Initiatives to implement the Dubai and Buenos Aires Action Plans in the Africa Region

1. The Dubai Action Plan identifies the following five initiatives for the Africa Region:

* AFR1 Strengthening human and institutional capacity building
* AFR2 Strengthening and harmonizing policy and regulatory frameworks for the integration of African telecommunication/ICT markets
* AFR3 Development of broadband access and adoption of broadband
* AFR4 Spectrum management and transition to digital broadcasting
* AFR5 Building confidence and security in the use of telecommunications/ICTs

1. The Buenos Aires action plan identifies the following five initiatives for the Africa Region:

* AFR1 Building digital economies and fostering innovation in Africa
* AFR2 Promotion of emerging broadband technologies
* AFR3 Building trust and security in the use of telecommunications/information and communication technology
* AFR4 Strengthening human and institutional capacity building
* AFR5 Management and monitoring of the radio-frequency spectrum and transition to digital broadcasting.

1. An objective and a list of results are associated with each initiative.

# Audit scope and approach

## Audit objectives

1. According to PP Resolution 25 (Rev. Busan, 2014), field offices play an essential role in implementing the objective of strengthening the ITU’s regional presence. The main responsibilities of the decentralized offices include working as closely as possible with Member States, serving as a channel for disseminating information on ITU activities, developing closer ties with regional and sub-regional organizations and providing technical assistance to countries in special need.
2. In the light of the principle of results-based management, which is to be applied to all UN operations, it is crucial to assess whether the organization and functioning of field offices is contributing substantively towards bringing ITU institutional activities closer to its membership.
3. During the audit in Geneva and the ITU Regional Offices, the Corte dei conti ascertained whether action had been taken by Management: (i) to determine specific objectives for ROs in connection with PP Resolution 25, with a view to measuring how effectively and efficiently they had fulfilled their responsibilities and the progress made overtime, and (ii) to introduce and implement a specific ERM for the regional presence. We also examined the financial management and the procurement activities carried out in the Regional and Area Offices visited.
4. The audit focused on the following audit questions:
5. Is it possible to measure the performance of a Regional Office (RO) under the current set of rules?
   1. Are the objectives assigned to ROs in relation to the ITU strategic objectives specific and measurable?
   2. Are these objectives directly derived from PP Resolution 25 “Strengthening the Regional Presence”?
   3. Has Management agreed on a set of credible and robust KPIs, linked to ROs’ specific objectives?
   4. Could the effective implementation of PP Res. 25 be monitored through performance indicators established by agreement between ROs and HQ?
   5. Could the efficient implementation of PP Res. 25 be monitored through performance indicators established by agreement between ROs and HQ?
6. Has the Management developed an effective Risk Management (ERM) process, including the risk assessment (RA) of the activities carried out at the RO level?
   1. Are the risks identified related to the conduct of field activities and the resources available to carry them out?
7. Is the coordination between Headquarters and ROs effective?
   1. Has ITU established procedures to ensure that coordination between HQ and ROs is implemented and measured effectively through objective and agreed KPIs?
8. Do ROs comply with the rules and procedures issued by Headquarters relating to financial management, projects and procurement?
   1. Are the rules and procedures currently in place at the regional level able to prevent administrative and reputational risks (including the risk of fraud)?
9. The audit fieldwork was carried out from January 2018 until mid-May 2018.
10. The audit reviewed in particular:
11. the activities carried out by Management at the HQ and regional levels for developing specific Objectives and KPIs and linking them to PP Res. 25 and to the ITU Strategic Objectives, especially,
12. the specific objectives assigned to the individual Regional Offices in relation to PP Res. 25 and the ITU Strategic Objectives and their appropriate monitoring;
13. the current status of the coordination between HQs and ROs for the implementation of PP Res. 25 and the ITU Strategic Objectives,
14. the organization of the Regional and Area Offices audited on the spot, in particular in terms of financial management and procurement activities. We checked in particular:
15. the documents supporting the figures entered in the accounts at Headquarters in relation to revenue and expenditure, and any relationship with banks,
16. the assets, their management and their recording in ad-hoc registers and the accounts,
17. the procurement activities carried out at regional level,
18. the follow-up given to the previous recommendations issued by the Internal Audit (IA) and the status of their implementation;
19. the action carried out at the HQ and regional level to create a specific Risk Register (RR) for ROs through a robust risk assessment exercise.
20. This was the first time that ITU Regional Offices had been audited by an External Auditor. Auditing ROs was not explicitly included in our Terms of reference. However, the action taken by Management for linking PP Res. 25 and ITU Strategic Objectives to specific objectives for Regional Offices (monitored through robust KPIs) and for creating a comprehensive Risk Register were selected for this performance audit because of their relevance to the ITU’s mission, and in view of the risk that the ITU’s goal of ensuring greater closeness to its membership might not have been effectively and efficiently implemented. Furthermore, the reputational and administrative risks inherent to some delicate processes, such as procurement, might not have been adequately taken into account. It is also worth mentioning that Regional Offices had only been audited once by the Internal Audit Unit in 2013 (SG-SGO/IA/13-15) for the Americas and in 2014 and 2015 (SG-SGO/IA/14-18 and SG-SGO/IA/15-23) for Africa, and that IMAC had indicated a need for more rigorous financial management and oversight in this area.
21. Furthermore, our analysis aimed to ascertain whether ROs had been provided with adequate resources to achieve the objectives set out in PP Resolution 25, taking account of budgetary constraints.
22. During our audit, we examined the following documents, provided by Headquarters and Regional and Area Offices:

* PP Resolution 25 “Strengthening the regional presence”;
* Final acts of the Plenipotentiary (PP) Conference (Busan, 2014);
* The ITU’s Financial Regulations (2010);
* Project Management Guidelines (July 2013);
* Service Order 14/06 “Rules and Procedures Governing the Placement of Contracts” (February 2014);
* Basic Rules for the Procurement of Equipment for IT Technical Cooperation and Assistance Projects, as approved by the Administrative Council in 1968 and Manual on Administrative Procedures for the application of these Basic Rules, as established by the Secretary-General in 1968 and updated in 1987 and 1991 for entry into force in January 1992;
* Budgetary and actual financial data, as provided by field staff on the spot;
* The supporting materials presented to us at the Regional and Area Offices;
* Report by the Secretary-General "Results of the survey of satisfaction with ITU's regional presence" (Document C17/INF/12-E);
* Reports by the Secretary-General "Strengthening the regional presence" (Documents C17/25-E and C18/25-E and their annexes);
* ITU-D Performance report for 2017;
* Quarterly reports on the overall implementation of the objectives of the ITU-D Strategic and Operational plan.

1. We also took into account the findings and conclusions of two major reports issued by the UN Joint Inspection Unit: JIU/REP/2009/3 "Effectiveness of the International Telecommunication Union regional presence”, and JIU/REP/2016/1 "Review of Management and administration in the International Telecommunication Union".
2. Audit evidence was obtained from (i) interviews with Management, and (ii) the direct assessment and analysis of internal documents and data presented to us by Headquarters and RO Management. The audit did not perform a direct qualitative and quantitative assessment of the figures reported to us and the Council, which remain under the Management’s responsibility.
3. The cumulated budget assigned to Regional Offices and Area Offices for the activities under the Operational Plan for the period 2015-2017 was around 9.0 million CHF[[10]](#footnote-10).

The Budget assigned to the Americas Region

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| **REGIONAL AND AREA OFFICES** | **2015** | | **2016** | | **2017** | |
| **BUDGETED** | **IMPLEMENTED** | **BUDGETED** | **IMPLEMENTED** | **BUDGETED** | **IMPLEMENTED** |
| **BRASIL RO** | 302,506.00 | 299,897.00 | 257,715.00 | 260,087.00 | 167,069.00 | 165,451.00 |
| **BARBADOS RO** | 211,774.00 | 207,949.00 | 179,870.00 | 178,713.00 | 190,000.00 | 188,423.00 |
| **SANTIAGO RO** | 66,796.00 | 64,179.00 | 112,628.00 | 112,566.00 | 113,931.00 | 112,970.00 |
| **HONDURAS AO** | 133,393.00 | 132,130.00 | 91,990.00 | 89,423.00 | 178,000.00 | 182,144.00 |
| **TOTAL CHF** | **714,469.00** | **704,155.00** | **642,203.00** | **640,789.00** | **649,000.00** | **648,988.00** |

The Budget assigned to the Africa Region

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| **REGIONAL AND AREA OFFICES** | **2015** | | **2016** | | **2017** | |
| **BUDGETED** | **IMPLEMENTED** | **BUDGETED** | **IMPLEMENTED** | **BUDGETED** | **IMPLEMENTED** |
| ETHIOPIA RO | 330,585.00 | 251,352.31 | 240,288.00 | 199,849.62 | 230,400.00 | 227,865.27 |
| SENEGAL AO | 93,500.00 | 75,380.00 | 129,436.00 | 99,140.26 | 77,183.00 | 60,953.98 |
| ZIMBABWE AO | 152,083.00 | 131,816.95 | 137,043.00 | 123,778.25 | 153,339.00 | 152,790.79 |
| CAMEROON AO | 125,000.00 | 103,887.70 | 143,422.00 | 144,777.94 | 151,500.00 | 150,318.26 |
| **TOTAL CHF** | **701,168.00** | **562,436.96** | **650,189.00** | **567,546.07** | **612,422.00** | **591,928.30** |

# Observations

## Objectives, KPIs and risks in the operational activities for “strengthening the regional presence”

1. The regional presence covers all mechanisms and instruments that ITU has introduced for delivery at the country and regional levels. Field offices are an essential part of a wider setting aimed at ensuring regional development. They are specifically intended to bring the ITU closer to its membership.
2. We acknowledge that Management is devoting extensive effort, in accordance with UN and international best practices, in order to build up a framework intended to provide the Council with relevant information on the implementation of the strategic objective of the regional presence. The annual report by the Secretary-General on "strengthening the regional presence" is part of this framework. It sets out information on the implementation of the Action Plan and regional initiatives, as well as information on the staffing level and external resources used by the various regional and area offices. Another source of information is the Performance report of ITU-D, which periodically reports on the status of implementation of the objectives, outcomes and outputs of the Sector, as defined in the ITU-D Operational Plan. Furthermore, a survey of satisfaction with ITU's regional presence is conducted once every four years, as required by PP Res. 25. The latest one was undertaken in 2016 and its results were presented to the Council at its 2017 session.
3. However, our audit found that the evaluation of the ITU's regional presence still lacks some major elements in respect of field offices. This report offers suggestions and recommendations for how the current system might be improved in order to enhance the assurance level provided by internal control that field offices are delivering timely and high-quality products in pursuit of the ITU's institutional goals, according to their mandate.
4. The following paragraphs aim to describe what we observed during our audit as regards the objectives assigned to field offices, their measurability through appropriate and consistent KPIs and how the risks related to operational activities when "strengthening the regional presence" are taken into account and mitigated.

### It is not possible for Management to derive specific and measurable objectives directly from PP Res. 25

1. In its report JIU/REP/2016/1 of 2016, the Joint Inspection Unit invited the Council “to approve a consolidated and clearly formulated mandate for the ITU regional presence with specific objectives for the regional offices” and ensure that the role of the regional presence in achieving “One ITU” is mainstreamed in the Strategic Plan of the Union and appropriately cascaded down into the operational plans for each Sector. This echoed a similar recommendation made by the Inspectors in another report of 2009.
2. During our audit, we observed that PP Resolution 25 on “strengthening Regional Presence” provides some guidance to Management in relation to regional offices. In particular, Resolve 2 indicates that they play a role in the implementation of programmes and projects *in the framework of regional initiatives*, within the resources allocated by the financial plan.
3. However, PP Res. 25 does not set forth any specific and measurable objectives, which could be followed by appropriate and agreed KPIs. Therefore, it is not possible to derive directly from PP Res. 25 the elements needed to assess whether and to what extent the “resolves” and the Council’s requests have been achieved and/or properly implemented.

*We draw the Council’s attention* to the fact that, in order to have systematic monitoring as to whether and to what extent the objectives related to the regional presence have been achieved, a set of specific and measurable objectives should be embedded in PP Resolutions, and linked to accurate, robust and consistent KPIs. To this end, it might be appropriate to create an ad-hoc Working group for setting specific Objectives and KPIs to be applied by the field offices. These objectives and KPIs should also reflect the decision to use field offices as an instrument for enhancing the role of ITU as a whole.

Furthermore*,* we suggest that, in order to proactively implement a consistent and coherent system of Objectives and KPIs for ROs, Management should prepare a proposal, for the Council's attention, gathering the ITU's Management experience both at BDT and ROs level, with the aim of facilitating discussions and the approval of PP decisions on this issue.

Comments by ITU

ITU will further study Suggestion n. 1. Indeed, ITU would like to highlight that regional activities are implemented through combined efforts of the HQ and regions. Activities of HQ and regions are highly interlinked and inseparable.

In addition, Objectives and KPI’s covering both the HQ and regional activities already exist in the WTDC Action Plan and the rolling four-year Operational Plan. These are already covered by the annual reports of the SG to Council on “Strengthening the Regional Presence”, and the annual performance reports and quarterly performance reports published by BDT to inform the membership regularly.

Furthermore, PP Resolution 25 presents the high-level membership requirements for ITU regional activities. Adding another set of KPIs to Res 25 will duplicate with the existing set of KPIs.

### Management to link PP Resolution 25 with specific objectives and KPIs for ROs

1. In the absence of a specific reference framework for the field offices in PP Res. 25, and even more so if the “political” nature of the Resolution should be considered inappropriate for setting concrete objectives, it is the Management's responsibility to introduce the elements needed to measure the performance of the individual regional offices in the strategic and operational planning, and hence the contribution they are called to make towards achieving the general objective of strengthening the ITU’s regional presence.
2. As already mentioned, every World Telecommunication Development Conference (WTDC) adopts an Action Plan (AP), which follows a results-based structure where outcomes are identified for every objective. Outcomes provide an indication as to whether the objective is being achieved. Moreover, WTDCs adopt "Regional Initiatives" per development region.
3. Despite the Action and Operational Plans being part of the goal of "strengthening regional presence", as laid down in PP Res 25, we understood from ROs’ Management that PP Res. 25 and its general objectives were not formally linked to WTDC's Regional Initiatives. This is confirmed by the overview of ITU-D Strategic and Operational Plan Implementation provided by the periodic Implementation Reports, which only contain descriptive elements referring to the activities carried out by regional offices, but do not make it possible to assess the impact of these activities on the Strategic Objectives set by Council in PP Res. 25.
4. Furthermore, Regional Initiatives are only part of the activities carried out by ROs, which are broader than those indicated in the Annual Plan. Amongst other things, they also implement projects, represent ITU in local events and carry out capacity-building actions. All these activities concur to achieve the general objective of “strengthening the regional presence”, but there is no specific set of objectives to measure their implementation against the goal set and monitor the adequacy of the human and financial resources employed to achieve it.
5. During our audit, Management confirmed that it would be possible, in their opinion, to have common indicators for monitoring the implementation of PP Res. 25 in the field.

In line with our Suggestion n.1, in the absence of a specific reference framework for field offices in PP Res. 25, we recommend that Management prepare a specific internal document, where the objective of "strengthening the regional presence" set by PP Res. 25 is clearly translated into measurable objectives for field offices, associated with accurate and consistent KPIs.

As a next step, we recommend explicitly linking, in cascade connection, the objectives of the Action Plans and Operational Plans with the concrete objectives resulting from PP Res. 25, with a view to reporting to Council accordingly.

Comments by ITU

ITU will further study Recommendation n. 1. ITU would like to highlight that regional activities are implemented through combined efforts of the HQ and regions. Activities of HQ and regions are highly interlinked and inseparable.

In addition, Objectives and KPI’s covering both the HQ and regional activities already exist in the WTDC Action Plan and the rolling four-year Operational Plan. These are already covered by the annual reports of the SG to Council on “Strengthening the Regional Presence” and the annual performance reports, and quarterly performance reports published by BDT to inform the membership regularly.

Furthermore, PP Resolution 25 presents the high-level membership requirements for ITU regional activities. Adding another set of KPIs to Res 25 will duplicate with the existing set of KPIs.

Comments by ITU

Consequently, ITU will also further study Recommendation n. 2. ITU would like to highlight that this link is always taken into consideration in the planning of Operational Plans, which is made by ROs’ Management.

### Greater coordination is needed to ensure that field offices represent ITU as a whole

1. In accordance with the idea of having “one ITU” in the field, ROs should receive clear instructions on how to implement ITU Strategic Objectives linked to the other ITU Sectors (ITU-R and ITU-T). To this end, greater coordination on operational issues is needed, especially when it comes to the definition of the respective operational plans.

In order to foster the “one ITU” approach, the objectives and related KPIs identified for field offices should also reflect the objectives and KPIs of the other ITU Sectors; we therefore recommend exploring opportunities to enhance the coordination regarding regional presence among Sectors.

Comments by ITU

ITU agrees with Recommendation n. 3. ITU would like to highlight that various internal and membership-led coordination mechanisms, involving regional activities, among Sectors already exist and will continue to enhance coordination on regional presence among Sectors. Existing KPIs already accommodate the needs of all ITU Sectors.

### Definition of specific objectives and KPIs should be shared between HQs and ROs

1. The ROs’ mission may vary according to specific regional needs, risks and conditions. Moreover, there is a need to balance the objectives with the concrete actions, in a context of limited resources.
2. In order to clearly detail the ROs' mandate and mitigate the risks associated with their activities, an internal procedure establishing how and who should set objectives (and monitor them through robust and credible KPIs) should be adopted and the definition of objectives should be shared with the field offices.
3. Furthermore, during our audit we found that no comprehensive flow chart and/or summary documents were prepared with the purpose of illustrating the whole regulatory framework to all staff, especially those working in the area offices.

We recommend that Management should prepare a comprehensive flow chart, so as to make the functions, roles and activities of ROs understandable to all staff. At the same time, the regional staff should have a view of the objectives, sub-objectives and related KPIs associated with this flow chart, with a view to monitoring the implementation of the regional presence and mitigating the associated risks in a consistent way.

Comments by ITU

ITU has taken note of Recommendation n. 4. ITU would like to highlight that flow charts explaining positions and reporting lines of ROs already exist. Performance of regional activities are regularly monitored on the basis of Objectives and KPIs.

## Regional initiatives and Actions

### Evaluation of Regional Initiatives should be enhanced

1. As mentioned in para. 50, every 4 years, WTDCs provide guidance on “Regional Initiatives” (RIs). “Actions” are then developed, in accordance with RIs, under the regular budget. Their implementation is regularly monitored by ROs and HQ to ascertain whether they have achieved the objectives assigned to the individual actions. Management reported to us that their effectiveness is also evaluated on an individual basis. All the results are brought to the attention of ITU Council and PP through the Implementation Report mentioned in para. 51.
2. We also understood from Management that the results of the Regional Initiatives, as embedded in the Action Plan, contribute to the ITU Strategic Plan. However, the “Report on the Implementation of the Dubai Action Plan”, which provides information on the achievement of objectives of the Plan, is the result of an internal ITU assessment, not an independent one.

Whilst monitoring of the individual actions is carried out systematically both at RO and HQs levels, and the results are regularly reported to the Council, our audit found no comprehensive ad hoc documents on the evaluation of the effectiveness of the RIs themselves. Considering that every Action Plan may introduce new objectives and indicators for the reference period, we recommend that an external and independent mid-term and/or ex-post assessment of the effective and efficient achievement of the objectives decided at the WTDC level be conducted, in order to bring added value to the process. Similarly, a comprehensive mid-term and/or ex-post evaluation might be envisaged on whether the objective of “strengthening the regional presence” has been achieved in accordance with PP Res. 25.

Comments by ITU

ITU has taken note of Recommendation n. 5. However, ITU would like to highlight that the functions of the evaluation of the effectiveness of the RIs and the mid-term assessment is entrusted to and done by TDAG and Council. Since all results are presented to TDAG and Council, in our view they are the final evaluators of the effectiveness of the implementation carried out.

### Guidance on how to set priorities is needed

1. Under the supervision of the Director of BDT, the Management Committee (including the Chiefs of Department in the HQ and the Regional Directors) prepares an Operational Plan (OP) on the basis of the ITU-D Strategic Objectives and the RIs decided by WTDCs. Each Regional Office proposes which RIs they should work on, and, following the OP, prepares the regional part of the Operational Plan for those “actions” that it intends to implement during the reference year. ROs’ Management consider all these Documents (BDT Operational Plans and the regional part of the Operational Plan) to be the main tools for “strengthening the regional presence” for ITU-D.
2. Actions can also be included in the Plan with no budget. The decision regarding which funds from the regular budget should be allocated to which actions is taken yearly by the BDT Director, jointly with Regional Directors (based on proposals previously discussed by Regional Directors and P Staff).

We understood from Management that more actions are proposed than they are approved in the regional part of the Operational Plan; however, there is no specific methodology, framed in a system, for weighting them and for defining the respective priorities in an objective way. Therefore, we recommend that guidance should be provided as to how to set priorities on the basis of objective criteria. These criteria should also be consistent in all the ROs across the world, while taking into account the intrinsic differences between regions.

Comments by ITU

ITU will further study Recommendation n. 6. ITU would like to highlight that when funding is not sufficient, the priority is determined in line with criteria in the Action Plan, taking into account regional initiatives approved by Member States.

A regional Action Plan referred to in this report is understood to be the regional part of the Operational Plan. The regional part of the Operational Plan is planned by ROs’ management in consultation with regional team based on the needs of Member States and preferably linked to the regional initiatives.

### Monitoring actions with a common IT tool

1. Resolution 17 WTDC instructs the BDT Director: [point] 2 “to ensure that the ITU regional offices have a role in monitoring the implementation of the initiatives approved in their regions, and to submit an annual report to the Telecommunication Development Advisory Group on the implementation of this Resolution”. Moreover, [Point] 3 establishes that "an annual meeting be held for each region in order to discuss the Regional Initiatives and projects for each region and mechanism for implementation of the initiatives and to make known the needs of the different regions […]”.
2. During our audit we found that actions established by WTDCs were monitored and assessed by the ITU staff concerned. However, we observed that the information provided by each RO in terms of specific objectives and sub-objectives might vary.
3. For example, in AMS/Brasilia the regional part of the Operational Plan is monitored through an internally developed IT tool and dashboard. During the final meeting in Brasilia, we were shown the methodology used to follow the implementation of the actions over the years. We understood that the Excel files shown on that occasion were not prepared in a standardized way by all ROs.

We suggest that a common IT tool should be used for monitoring Action Plans and that it should be made easily accessible from HQ.

Comments by ITU

ITU agrees with Suggestion n. 2. ITU would like to highlight that the internal system for the Operational Plan implementation (OPS) already exists and its upgrading is regularly and continuously addressed to accommodate the latest user needs.

## ITU Projects

1. According to the ITU Constitution, one of the functions of ITU-D is to fulfil the Union's dual responsibility as a United Nations specialized agency and as an executing agency for implementing projects under the UN development system or other funding arrangements. ITU has recognized longstanding expertise in the development, management, implementation, monitoring and evaluation of projects in the ICT field, through offering, organizing and coordinating technical cooperation and assistance activities.
2. BDT is responsible for providing support for the development of those projects. Over time, BDT has taken several steps to strengthen its project execution role by developing the necessary tools and methodology to facilitate project development and obtain a better project management. To this end, ITU Project Management Guidelines and Template forms are available for project managers.
3. The ITU's project portfolio consists of projects in a wide range of areas, such as: the regulatory and market environment; development technologies and networks; ICT applications; access to ICTs through special initiatives; capacity building; cyber-security; emergency telecommunication; climate change; and statistics and indicators. ITU projects are being implemented in all six regions of the world. The portfolio also includes projects related to the Regional Initiatives that are adopted by WTDCs.
4. Since 2007, the Americas Offices have been managing 36 projects for a total of 16 Beneficiary Countries. The total budget managed through projects in the Americas amounts to USD 38,517,680.
5. All Project funds are kept in ITU specific accounts in Geneva and are managed by BDT/ADM. The ITU Project Manager works jointly with the client to analyse and approve all products delivered under the projects. Based on these analyses and approvals, authorizations are sent either to ITU Procurement, which is responsible for processing the payments (after cross-checking with the conditions set out in the relevant ITU contracts , which are usually signed after international bid processes) or to BDT/ADM, in the case of external consultants hired to develop a specific work.

### Strengthening ITU's role in the project evaluation

1. Projects are part of the activities carried out at Regional Level, which are broader than RIs and fall under the ITU-D overall strategic objectives. They are mainly financed by Member States.
2. The Project Management Guidelines issued by BDT establish that “Evaluation involves financial resources that should be incorporated in the budget planning before the project would commence” (chapter 5 *Evaluation Phase*).
3. Chapter 5.1 *Post Implementation Review* provides for evaluations to be carried out “in order to assess whether the objectives and results were achieved” and chapter 5.2 Impact Analysis and Sustainability states that “the contribution of a project on the development of a market or population must be measured several years after the end of it. The Sustainability Analysis assesses the project's ability to continue its activities without external funding, as well as the beneficiaries' ability to manage their project in an independent manner”).
4. A project's performance may be evaluated by the Member State concerned, which in general, as we understood from Management, provides feedback to ITU. However, Member States are mostly interested in ending the project in due time and for this reason, they might consider the evaluation process to be an administrative burden and not wish to devote financial resources to the process (for instance, an ex-post evaluation carried out by BDT at a later stage might delay the closure of a project),
5. During our audit we noted that, due to the fact that the funding States were not interested in the evaluation phase, the budget for the projects rarely included funds for evaluation.
6. It is worth mentioning that there is a unit within BDT which is in charge of carrying out such evaluations when there are sufficient resources left in the project or even with ITU’s own financial resources, but this work is not performed systematically.

We recommend that ITU should strengthen its role in the evaluation of projects with a view to: 1) preventing reputational risks regarding non-functioning projects; 2) having a comprehensive picture of the impact of its work and, 3) identifying any possible corrective action relating to the implementation of projects. This involves urging its counterparts to allocate specific funds in every project to cover its evaluation. For minor projects, if performing an evaluation is considered not to be cost-effective, Management should nevertheless carry out a limited analysis of the project’s performance.

Comments by ITU

ITU has taken note of Recommendation n. 7. ITU will continue to explore possibilities with counterparts to allocate specific funds in every project to cover the evaluation of such projects.

### Having a comprehensive risk analysis at the ROs' level, that is easily accessible to HQ

1. AMS RO prepares a risk analysis where activity Managers present a list of risks for specific Actions. They also envisage measures for mitigating risks. Management reported to us that every activity and every Project has its own risk analysis.

During our audit we found that, apart from the "specific-to-project" risk analysis, there is no comprehensive risk analysis for all the risks that might occur in the Region and the risks that might impair the objectives of "strengthening the regional presence". We therefore recommend that there should be a comprehensive risk analysis and that this tool should be linked to the Objectives laid down in PP Res. 25. This should be shared among HQ and ROs.

Comments by ITU

ITU has taken note of Recommendation n. 8. ITU would like to highlight that there is an overall risk analysis that is carried out and reported yearly in the Operational Plan. ITU will endeavour to strengthen this analysis in the Operational Plan.

## EA Review of the Follow-up exercise held by IAU on its previous recommendations

1. During our review of the follow-up undertaken by IA, we found that some of the notes, reported as a response for considering “closed” or “in progress” the status of a recommendation, were not properly justified. In particular, we found some recommendations *A)* considered as “closed”, but with no clear explanation as to why they had been closed, or *B)* considered as “closed”, but according to our review still “in progress”, or *C)* considered as “closed”, whilst they should have been “dropped”, as they had not been implemented in the way called for by the recommendation itself.

In the course of our audit, we found some cases where recommendations had been considered as “closed” by the IAU, whereas our audit showed that they were still “in progress”. We therefore recommend that the IAU should follow up on their recommendations and only consider them as “closed” where there is adequate evidence.

Comments by ITU

Recommendation n. 9 is duly noted and IAU recommendations will not be closed unless the respective managers have provided adequate evidence, also taking into account the cost efficiency and priorities when the residual risk of partial non-implementation of IAU recommendations is very low.

### Host Country agreement is needed

1. In its report, the IAU highlighted that SCL did not yet have a Host Country Agreement. At the date of our audit, the situation was still ongoing.

Following the IAU’s recommendations, we recommend increasing efforts to obtain an HCA to protect the ITU's role and interests.

Comments by ITU

ITU has a HCA for all the regional offices and area offices, except for the area office of Santiago de Chile for which negotiations with the host country are ongoing. ITU has done all the paper work and a proposal is being analysed by the Chilean Administration.

## Organizational issues

1. Field offices have a standard configuration in terms of human resources allocated. In 2009, the JIU pointed out that the staffing level in the ITU field offices was not commensurate with the widening scope and complexity of their tasks and responsibilities. The number of field staff increased from 51 to 58 in 2012, as a result of Document C12/25-E of 10 May 2012. There are now 59. During an interview, the ITU-D Director reported to us that some procedural changes had been introduced, going in the direction of more decentralization for field offices and more autonomy for Regional Directors
2. However, the current absence of a clear mandate and specific indicators for field offices does not allow us to assess the adequacy of resources employed, nor the progress made over time. For this reason, the following paragraphs are only limited to addressing some other specific aspects relating to the financial and office management, as well as the procurement process.

## Financial management

### Process for delegations of authority should be improved

1. During our audit, we found that there was no comprehensive formal document listing all the delegations of authority from the SG to the ITU-D Director and then to the RD and to P-staff in field offices.

For accountability purposes, we recommend preparing a document summarizing all the delegations of authority, be they internal (who must sign what) or external (authorization for signature, such us bank movements and internet banking with the respective lines of responsibility).

Comments by ITU

ITU has taken note of Recommendation n. 11. As far as the bank movements are concerned this document already exists and is updated each time there is a staff movement. The coordination with the banks is also done to make sure they follow the instructions given by the HQ. Internal coordination will take place for creating a summary document for the delegation of authority.

### Petty cash

1. In relation to petty cash management, the data entry of operations and transactions is not reported directly on SAP at the level of Area Offices; however, everything is recorded manually on a standard form template, established by HQ.
   * + 1. During our audit of the supporting documents for the petty cash expenditure, in some purchases with a negotiated market requiring at least 3 bids, no explanation (for instance a note) was found in order to justify the fact that it had been impossible to carry out a negotiated procedure with 3 bids.
       2. Following the IAU recommendation #6.6 that, in accordance with best practices, the RD should carry out yearly unannounced petty cash checks, we found that this had not been done for one AO that the RD had not yet visited. Furthermore, we observed that there was no standard form to be utilized by the RD for reporting on the checks performed. There is not even a detailed procedure, issued by HQ, as to how these unannounced checks should be performed.
       3. During our analysis of petty cash, we observed that some items of expenditure had not been duly authorized; for instance, we only found the signature by a G grade employee.

In relation to A): we recommend adopting a standardised report form to record any exceptions, with the signature of the senior official who has approved the exception. An exception register might also be created for effective monitoring by HQ (this might also be extended to areas other than petty cash management).

In relation to B) we share the IAU’s view. However, due to the fact that AOs are geographically dispersed, effective unannounced on-the-spot checks are only feasible in the Regional Office where the RD is resident. For instance, an AO receiving the RD for any operational mission might reveal a potential unannounced check in advance to the Area Office Management, thus making the check lose part of its effectiveness. In order to increase the level of effectiveness of unannounced checks on petty cash, we therefore recommend that the Regional Director should receive monthly reports on petty cash expenditure from all the AOs (at the moment, AOs only send their reports directly to HQ), so as to have an opportunity to perform recurrent desk reviews, sign them off and then forward these reports to HQ. Following the same logic, unannounced checks through desk reviews might also be performed by HQ on the RO where the Director is resident (please see our recommendation on Banking operations). Furthermore, we recommend that a specific procedure and template should be adopted at HQ and be followed by all the RO Directors.

In relation to C), although we refer to petty cash expenditures and the purchase of stationery or other items for the normal running of the office, we recommend that there should be a template for every purchase request indicating the “initiating Agent”, as well as the person who authorizes the specific purchase, such as the RD and/or the AO Manager.

Comments by ITU

ITU has taken note of Recommendation n. 12. ITU would like to highlight the following:

In relation to A), petty cash is used for small purchases which do not nornally require 3 offers.

In relation to B), summary petty cash reports from area offices can be shared with Regional Directors. In addition, the recommendation on “unannounced checks” will be further explored.

In relation to C), monthly petty cash reports are all signed by regional directors and heads of area offices. In addition, purchases are done through electronic shopping cart procedures which provide all the necessary approvals and background information.

### Enhancing financial accountability through a better use of UNDP systems in Regional and Area Offices

1. In relation to bank operations at the AMS RO, a monthly statement is drafted following a template that provides for three different signatures. We found that, in practice, not all the 3 signatures were always provided and sometimes the same person signed twice.
2. Furthermore, we observed that ITU used the UNDP account for petty cash transactions in the SCL AO, as it does not have a Host State Agreement, but UNDP transfers local currency to the private account of one staff member.

In relation to bank operations, we recommend that a strict procedure should be implemented for all the ROs, whereby the third signature for bank operations should be provided by the RD, even where the operation is carried out at Area Office level. The RD can thus be held responsible for all the transactions. with banks. In our view, a revision of the procedure with UNDP is also necessary in order to avoid the personal accounts of staff members being involved in any ITU operations.

Comments by ITU

ITU has taken note of Recommendation n. 13. However, ITU wishes to outline the difficulties for implementing this recommendation due to staff constraints and availability of RD. Requesting a third signature for all the bank transactions will certainly slow down the process and have a negative impact on efficiency of field offices.

### Assessing the cost-effectiveness of keeping inventories at regional level

1. During our audit we did not find a warehouse related to stationery items. Further, although ITU has relatively few assets, which are mainly related to IT equipment, as most of the furniture belongs to and is provided by the Host Country, we found that the inventory was not accurate, in particular as regards asset management (individual assets were not always assigned to a specific user). Furthermore, in relation to write-offs of assets, we found no evidence of a third-party assurance that the items had really been disposed of after being written off.

With regard to the warehouse, in order also to maintain control over the buying of stationery, we suggest assessing the cost-effectiveness of calculating the value at year end, and, if relevant for all the ROs, entering the values in the Financial Statements.

With regard to the inventory, we recommend that Management should enhance the level of accuracy of the Asset register, in particular in relation to asset management and items that are disposed of after being written off.

Comments by ITU

ITU will further study Suggestion n. 3. Stationaries are bought as need arises to replenish the stock on many occasions during the year. The balances left at the year-end are not significant value and considered as immaterial.

ITU has taken note of Recommendation n. 14. ITU would like to highlight that since the end of 2013 IT assets are assigned to each individual. In addition, online platform on Inventory Records keep track of IT equipment assigned to each individual including Regional Offices. An update of software is planned in the end of 2018 that will be integrated directly with SAP that should resolve the issue with non-assigned IT equipment. When assets are written off, they are removed from asset register and disposed accordingly. Several service orders are issued on Asset Management. Trainings will be organized to Regional Offices to properly record and follow the service orders as well as the delivery of new inventory scanners is planned in 2019.

## Procurement

1. The procurement process applied for purchasing services, products and resources is a high-risk area. Common types of procurement risks include fraud, cost, quality and delivery risks. In its 2017 Long Form Report, the Corte dei conti highlighted some failures in the process and issued a set of recommendations meant to be implemented at the central level. This is even more crucial in decentralized offices.
2. ITU's procurement is governed by the following documents:

* Service Order 14/06 "Rules and procedure governing the placement of contracts" for regular budget;
* Basic Rules for Procurement of Equipment for IT Technical Cooperation and Assistance Projects, as approved by the Administrative Council in 1968 and Manual on Administrative Procedures for the application of this Basic Rules as established by the Secretary General in 1968 and up-dated in 1987 and 1991 for entry into force on January 1992.

1. The choice of the rules to be applied depends on the type of funds allocated to a specific purchase.
2. Procurement under the ITU Regular budget is ruled by Service Order 14/06.
3. Basic Rules apply to the "procurement, control and disposal of equipment (material and supplies) purchased by the International Telecommunication Union for the implementation of technical assistance projects under the United Nations Development Programme and the Funds-in-Trust arrangements".

### Projects related to “Funds-in-Trust” should comply with the Procurement Manual

1. During our audit, we observed that the Basic Rules were obsolete, since they had not been updated since 1992, as they should have been done under Procedure 1: "Under the authority of the Secretary-General, the Director of the Telecommunications Development Bureau (the BDT) shall be responsible for keeping the Manual on Administrative Procedures up to date".
2. For example, they refer to divisions that do not exist anymore within the ITU organization, such as the "Equipment Procurement Service of the BDT (EPS)", or the members of the Selection Panel ("Chief, Prog. Sup. Dept, Chairman, Chief, Field Operations Dept, Vice-Chairman, One representative from IFRB, One representative from the CCIs, One representative from the Field Operations Department, The Chief of the EPS, Secretary").
3. Therefore, there is no clear framework of rules, policies and procedures for projects which are funded through “Funds-in-Trust”.
4. It is also worth mentioning that the purchases made for BDT projects in our sample were related to services, but services are not mentioned in the Basic Rules, and Service Order 14/06 is not applicable for procurements financed by Funds-in-Trust.

We recommend that, since the Basic Rules are obsolete, ITU should adopt a new Procurement Manual covering both the regular budget and the extra-budgetary funds.

Comments by ITU

ITU agrees with Recommendation n. 15 and confirms that the forthcoming Procurement Manual will, in principle, also be applicable to procurement of goods and services from extra-budgetary funds.

### Enhancing the role of ITU in cooperating with Member States

1. In our sample of Requests for Proposals (RFPs), we found the following statements:

* “The ITU reserves the right to reject all or part of the Proposals received in good and due form, without being bound in any way to communicate its reasons to the vendors, who shall have no right of recourse against the final decision of the ITU”;
* “The ITU, in consultation with [*the client*], reserves fully the right to reject any proposal, the whole or only a part of it, received by reason of this Request for Proposals and to negotiate separately with any other source whatsoever or to call for a second Request for Proposals. It does not undertake to accept the lowest priced Proposal”;

1. Moreover, according to procedure 27 of the Basic Rules, “Recommendations of the Selection Panel are not needed in the case of the purchase order being financed through a Fund-in-Trust agreement with the recipient Government and where the order is to be placed according to that Government’s recommendations”.
2. Such clauses may create a serious risk of lack of transparency and may raise doubts of bias and favouritism (see also Recommendation n. 6 in our Long-form report on the ITU financial statements for 2017).

In order to avoid any reputational risk for ITU, we recommend that: 1) in the case of Funds-in-Trust, clear and objective criteria to select the proposals should be established and the results should be communicated to bidders in a transparent way.

Comments by ITU

ITU agrees that clear and objective criteria shall be established for all procurement exercises regardless of funding source and that all procurement cases shall follow the procedures of the forthcoming Procurement Manual. The Manual outlines that the recommendation to award a contract shall be based on the clear and objective evaluation criteria as well as evaluation methodology, which shall be established prior to the issuance of the bid. This will mean that the recipient Government will not be able to recommend which vendor should be awarded. All awards above a CHF 50,000 threshold, shall be made public, and vendors are invited to request for a debriefing in regards to the assessment of their proposal. However, ITU does not agree to communicate its reasons for awarding a contract to a particular vendor, nor to allow vendors to have a right of recourse against the final decision of ITU.

### Procurement process to be entirely placed under the Procurement Division

1. In one Request for Proposals (RFPs) included in our sample we found that “Proposals prepared and submitted in accordance with the guidelines contained in the present Request for Proposals will be reviewed and evaluated by an Evaluation Group established by the Director of the Telecommunication Development Bureau of the ITU, in accordance with the relevant ITU rules and procedures”.
2. Chapter 4.2.2, point c) *Perform Procurement Management* of the Project Management Guidelines (July 2013) states that: "after the definition of requirements for the project, the whole process of procurement of goods and services is the responsibility of the Procurement Division. Therefore, the project must be monitored regularly with the Procurement Division assistance".
3. During our audit, we noted that the role of the Procurement Division in the crucial phase of the selection of suppliers was marginal. In fact, the Evaluation Group was composed by the Project Manager (acting as coordinator), members of BDT (Regional Office or Headquarter), members of the Member State who prepared TOR/TS, and one member from the Procurement Division.
4. In our sample, we also found that the Evaluation Group had been established by the Director of RO, instead of the Director of BDT.

We recommend that the Evaluation Group should be set up by the Procurement Division, in accordance with the Project Management Guidelines, chapter 4.2.2, point c), which states that the whole process for the procurement of goods and services is the responsibility of the Procurement Division.

Comments by ITU

The response to this recommendation is covered by the response to Recommendation n. 18 below.

### Project Managers should not be appointed as members of the Evaluation Group

1. During our audit, we found no rules about the appointment/composition of the Evaluation Group. In our sample, we detected cases where Project Managers had been appointed as members of the Evaluation Group. This is not in line with best practices in the UN system nor with the Project Management Guidelines, chapter 4.2.2, point c). Moreover, the Project Manager should never be the coordinator of the Evaluation Group.

In order to minimize risks for ITU, we also recommend that the Project Manager should not be appointed as a member of the Evaluation Group and that the Procurement Division should be the Coordinator of the Evaluation Group rather than the Project Manager.

Comments by ITU

ITU will further study partly Recommendations n. 17 and n. 18 since all offers need to be technically evaluated. The project manager is responsible for all technical aspects of the project and so he/she is the best person to technically evaluate the offers, along with other professionals that he/she proposes to participate.

Because most projects are implemented in the field under a project manager who knows the reality on the ground, the latter should be present with the evaluation team in HQ when decisions are made about the items to be procured.

The establishment of evaluation panels will follow the procedures set out in the forthcoming Procurement Manual. The technical evaluation will be carried out by the Technical Evaluation Panel (TEP). The Requesting Unit is responsible for appointing the members of the panel and this shall be established prior to the issuance of the tender. At least one member shall be a staff member from inside the Requesting Department, and at least one member shall be from outside the Requesting Department. The following shall guide the establishment of the panel. The panel shall consist of a group of minimum of three ITU staff members with interdivisional representation: i) Consultants or external experts designated by the Requesting Unit, or representatives of the beneficiary may sit on the panel, but will not have decision making power, ii) non-ITU staff members may not outnumber ITU staff members on the Panel, iii) a representative from the Procurement Division may guide and advice the Panel on its work, iv) TEP members shall sign a form declaring the absence of conflict of interest. The commercial evaluation shall be carried out by a staff member of the Procurement Division. A technically competent expert may be requested to support the commercial evaluation, if technical expertise is required. The expert may be external to the Union when in-house expertise is not available.

### A Declaration of Absence of Conflict of Interest should always be provided

1. During our audit, we found that the members of the Evaluation Group had not signed a Declaration of absence of interest. This point had already been raised in our last year's Long-Form report. It is worth mentioning that our recommendation n. 11, to implement a general DACI process, was not limited to the regular budget, but was also meant to apply to projects funded with extra-budgetary funds.

In line with recommendation n. 11 of our Long-Form report on the audit of ITU’s financial statements for 2016, we recommend that a specific and detailed Declaration of absence of conflict of interest (DACI) should be provided duly signed by all the people involved in the procurement process.

Comments by ITU

ITU agrees that some key staff involved in the procurement process shall sign a DACI.

### Respective roles of the Procurement Division and the Project Manager

1. Project Management Guidelines state that “the project manager should concentrate on the definition of requirements (terms of reference for services, technical specifications for equipment). To estimate the delivery taking into account needs, and develop a preliminary schedule of purchases, the project manager must coordinate with the Procurement Division which is responsible for the relationship with suppliers. The project manager must plan the acquisition of products and services needed to achieve the project deliverables. Control and monitoring of the plan will allow the project manager to mitigate risks related to the non-mastery of suppliers and external service providers” (chapter 4.1.3 Procurement plan).

Since we do not consider that the Project Management Guidelines, which should be directly and clearly linked to Procurement Rules, are sufficiently detailed, we recommend amending the Project Management Guidelines in order to better explain the role of the Procurement Division and make reference to the rules and procedures applicable to procurement.

Comments by ITU

ITU agrees with Recommendation n. 20. ITU has already started initial discussion on linking the Project Management Guidelines with the procurement rules and procedures.

### Training for staff in relation to procurement should be enhanced

1. During our audit, we noted that ITU staff in regional offices were not aware which procurement rules they had to apply; Management reported to us that they followed the instructions coming from the Procurement Division in Geneva, but no specific and regular ad-hoc training had been systematically carried out in the past years.

We recommend organizing regular training for all staff involved in the procurement process in the Regional Offices and Area Offices.

Comments by ITU

ITU agrees with Recommendation n. 21. Following the promulgation of the forthcoming Procurement Manual, training shall be offered to staff involved in the procurement process in the Regional Offices and Area Offices.

## Office management

1. In relation to insurances and Office Protection, which are part of ordinary office management, we understood from the RD that, for RO Brasilia, insurance contracts are in place to protect the interests of ITU’s and the staff; however, there is no standardized check-list or template that could summarize all the documents and insurances needed and immediately show the schedule and deadlines for all payments. Furthermore, we understood from the RD that there is no systematic check as to whether all the Area Offices (AOs) have all the insurances and protection in place.

In order to protect the staff, as well as the ITU’s interests and premises, we recommend that HQ’s Management should draft a standardised procedure and templates to monitor the various ROs’ activities in relation to office management, taking into account the different needs of each geographical area.

Comments by ITU

ITU agrees with Recommendation n. 22. ITU will develop a standardized procedure and templates aimed to monitor the various RO’s activities related to office management.

1. The areas of action of the ITU Telecommunication Development Sector (ITU-D) are the following: Capacity Building; Climate change and e-waste; Cyber-security; Digital inclusion; Emergency telecommunications; ICT applications; Innovation; Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States; Regulatory and market environments; Spectrum and management and digital broadcasting; Statistics and Indicators; Technology and network development. Projects are implemented in all the ITU-D’s areas of action. [↑](#footnote-ref-1)
2. The Regional Office for the Americas serves all countries covered by the Area Offices, plus Brazil, Canada, Mexico and the United States. [↑](#footnote-ref-2)
3. The Area Office in Honduras covers Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Nicaragua, Panama. [↑](#footnote-ref-3)
4. The Area Office in Chile covers Argentina, Bolivia Chile, Colombia, Ecuador, Paraguay, Venezuela. [↑](#footnote-ref-4)
5. The Area Office in Barbados covers Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago. [↑](#footnote-ref-5)
6. The Regional Office for Africa manages the following countries: Eritrea, Ethiopia, Kenya, Uganda, Tanzania and South Sudan. [↑](#footnote-ref-6)
7. The Area Office in Senegal covers Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. [↑](#footnote-ref-7)
8. The Area Office in Zimbabwe covers Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia and Zimbabwe. [↑](#footnote-ref-8)
9. The Area Office in Cameroon covers Burundi, Cameroon, the Central African Republic, Chad, the Dem. Rep. of the Congo, Equatorial Guinea, Gabon, Madagascar, the Republic of Rwanda, Sao Tome and Principe. [↑](#footnote-ref-9)
10. Budget after transfers for activities implemented under the Operational Plan. [↑](#footnote-ref-10)