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| **Agenda item: ADM 14** | **Document C19/41-E** |
| **28 May 2019** |
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| **Report by the Secretary-General** | |
| EXTERNAL AUDIT OF THE UNION'S ACCOUNTS on ITU TELECOM WORLD 2018 | |

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| **Summary**  The External Auditor's report covers the accounts for the ITU TELECOM World 2018 exhibition.  **Action required**  The Council is invited to examine the External Auditor's report on the 2018 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* |

  
Corte dei conti

REPORT OF THE EXTERNAL AUDITOR

Audit of ITU TELECOM WORLD 2018  
27 May 2019

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# SUMMARY OF THE AUDIT

1. According to Resolution 11 (Rev. Dubai, 2018), *resolves* no. 9, “the audit of ITU Telecom World (formerly 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 2018 event, organized in Durban (10-13 September 2018). This review is not to be considered as an audit of the financial statements drawn up under International Public Sector Accounting Standards (IPSAS), leading to an audit opinion. Its sole purpose is to inform the ITU Council that transactions with respect of this event have been correctly handled in the accounts.
3. Our audit of ITU Telecom World 2018 ascertained that the accounts submitted to us were accurate and that entries relating to the event had been correctly posted.
4. The event was organized and managed in accordance with Resolution 11 (Rev. Busan, 2014), which at *resolves* 4 provides 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”. Next ITU World event will be held in compliance with Resolution 11 (Rev. Dubai, 2018).
5. ITU Telecom World 2018 showed a negative event result at 31 December 2018 amounting to 254,867.62 CHF, as shown in paragraph 21 out of which 215,970.95CHF pertains to outstanding debt, which makes the event result appear to be significantly lower than the budget forecast.

## 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 laid down in paragraph 4 of Resolution 11 and in the TELECOM Financial Rules and Procedures, which entered into force on 13 March 1998 and subsequently modified.
2. Resolution 11 in Busan 2014 version includes instructions for the Secretary-General that have also been duly considered in this audit, taking nevertheless note that some modifications of those instructions have been adopted in Dubai 2018 Plenipotentiary Conference.
3. This report refers to the accounts of the ITU Telecom World 2018, for the period from 1 January 2018 to 31 December 2018. These accounts reflect the expenses and revenue for this event and provide additional information for the ITU Council. They are not to be considered as financial statements drawn up under IPSAS, although ITU has been applying the IPSAS standards since 1 January 2010.
4. Following the shift to IPSAS, ITU Telecom World accounts are henceforth closed no later than the end of the financial year when the event is held, in order to comply with the accrual principle. Thus, the accounts for ITU Telecom World 2018 were closed on 31 December 2018.
5. This audit report is not accompanied by an audit opinion. An audit opinion is only to be issued with respect to the consolidated financial statements of the Union.
6. We carried out our audit in accordance with the International Organization of Supreme Audit Institution (INTOSAI) Fundamental Principles of Auditing, and the additional terms of reference forming an integral part of the Union's Financial Regulations.
7. We planned the working activities according to our audit strategy, so as to obtain a reasonable assurance that there is no material misstatement.
8. In order to evaluate the compliance with rules, resolutions, recommendations and best practices, we also collected data about the participants which were referred to in the analysis presented by ITU Telecom Management.
9. To carry out our evaluation, we considered not only financial results, but also appropriate Key Performance Indicators (KPI’s).
10. We verified that the ITU Telecom World 2018 profit and loss sheet as at 31 December 2018 corresponded with the accounts submitted to us, testing on a sample basis that the entries relating to the event had been correctly made. The audit covered book-keeping, revenue and expenses and related results.
11. 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 have obtained sufficient and reliable evidence in relation to the ITU Telecom World 2018 accounts.
12. On 8 May 2019, 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.
13. We were informed that no claim and proceedings had been formally brought against the Union within the framework of ITU Telecom World 2018; no case of fraud or presumed fraud was reported to us.

## Acknowledgements

1. We would like to express our gratitude to all the ITU Staff who openly collaborated with us and who provided us with the requested relevant information and documents.

# GENERAL FRAMEWORK AND KEY FIGURES

1. The result of the Event was negative, for the first time since 2012. On the other hand, we acknowledge the efforts made to comply with the need of a rotation of the venues among the Regions, and register this *firs*t African edition of World Telecom as a challenging but not totally unsatisfying achievement, considering all circumstances.
2. A comparison of last three events shows the main figures as follows.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Final Accounts 2016** | **Final Accounts 2017** | **Final Accounts 2018** |
| Revenue | 8847 | 7411 | **5744** |
| Direct expenses (\*) | 2931 | 2883 | **2287** |
| *Gross Result* | *5917* | *4528* | *3457* |
| Core expenses | 4990 | 4505 | **3712** |
| **Net result** | **927** | **23** | **-255** |

(\*) Provisions included *In thousands of CHF*

1. A better view of the trend is graphically offered below.
2. A budget has been approved 6 months before the event, as requested under Article 1, part X of the TELECOM Handbook of Financial Rules and Procedures. Since Article 4 of the same Handbook states that budgets shall be revised as and when significant “changes are foreseen not later than a month before the opening of the event”, and Host Country Agreement was signed only on 13July 2018, a revised budget was approved on 17 July 2018.

## Exhibition Working Capital Fund

1. In accordance with Article 19 par. 4 of the ITU Financial Regulations, any surplus revenue or excess expenses resulting from world or regional exhibitions “shall be transferred to an Exhibition Working Capital Fund” (EWCF).
2. The negative result of ITU Telecom World 2018 was reported to EWCF, which amount at 31 December 2018 totalled to 7,950,442.47 CHF, meanwhile at the end of 2017 it amounted to 8,132,328.82 CHF.

## Reporting on the event: linking general objectives of Resolution 11 (Rev. Busan, 2014) with KPIs and results.

1. The Resolution 11 (Rev. Busan, 2014) *resolves* 2states “that the Secretary-General is fully accountable for ITU Telecom World activities (including planning, organization and finance)”.
2. We have analysed the various parts of the process and, at the reporting stage, we have evaluated relevant reports which provide the Secretary-General with feedback of the results, with links and comparison between KPIs and results, in the framework of the general objectives as stated in Resolution 11, as well as cost-effectiveness of the event.
3. We received from ITU Telecom management the “Participant analysis” that has been carried out using internal resources.
4. We acknowledge the efforts in refining the KPIs and using them to guide design and staging of ITU Telecom World events.
5. We take note that as an effect of Resolution 11 (Rev. Dubai, 2018) ITU resolved to hire an independent external management consultancy to perform a comprehensive strategic and financial assessment and review of ITU Telecom events, also to define a new business model. However, the result of this consultancy will not be available before the 2019 event, the organization of which has already started.

## Bidding process

1. Resolution 11 (Rev. Busan, 2014) *resolves* 5, also declares that “the Union, in its venue selection process for ITU Telecom events, shall ensure an open and transparent bidding process.
2. An official ITU Circular letter inviting countries to bid to host ITU Telecom World 2018 was issued on 22 December 2016 to ITU’s focal points for all the 193 Member State administrations as well as to the 178 Permanent Missions in Geneva, giving two deadlines: 28 February 2017 for notifications of interest and 30 April 2017 for proposals.
3. A country expressed interest on 28 February 2017, asked for more time on 27 April 2017, obtained two more weeks and then presented an incomplete proposal. On 4 July 2017 renounced at the organization of the event of 2018 because of time constraint.
4. South Africa expressed interest on 27 July 2017, submitted formally a proposal on 31 August 2017, discussed and integrated it for months and then signed the Host Country Agreement on 5 July 2018 (ITU SG signed on 13 July 2018).
5. We welcome this unprecedented level of compliance with the principle of rotation of the venue in different regions and areas. Nevertheless we have to underline that a formal notice to all Member States about the reopening of the terms and the new deadlines was needed

Recommendation no. 1

We **recommend** reopening the terms and to extend the deadline of the bid to all Member States when the situation requires, so that the same level of information is provided, in compliance with the principle of transparency.

Comments by the Secretary-General:

All Member States will be duly informed in the future if the bidding process remains open, and proposals may still be submitted to ITU, after the published deadline has been reached.

## Comparison of budget and actual results

1. A revision of the budget was adopted in July 2018, as explained above (par. 23). However, we noted that significant differences between budgeted and actual figure, both in the breakdown and in the total amount, with figures as follows.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Initial Budget 2018** | **Revised Budget 2018** | **Final Accounts 2018** |
| Revenue | 8900 | 7046 | 5744 |
| Direct expenses (\*) | 3247 | 2470 | 2287 |
| *Gross Result* | *5653* | *4576* | *3457* |
| Core expenses | 4900 | 4200 | 3712 |
| **Net result** | **753** | **376** | **-255** |

(\*) Provisions included *In thousands of CHF*

1. The following graph shows more evidently that in all amounts, but especially with regard to the Revenue, not only the assumptions in the first budget but also those in the revised one, were not reasonable enough.
2. We are aware that at the time of approval of the revised budget, not only the Host Country Agreement has been signed, but also the negotiations for what was not explicitly included in it were mostly concluded. Among them, we likely include the intention of HC to invite as guests some companies that were targeted by ITU Telecom as possible sponsors or paying exhibitors, with negative effects on the assumptions for revenues.
3. The general principle that the budgeting exercise should consider all the factor that can influence the assumptions both in Revenue and in Expenses, has to be respected even more rigorously for revised budget, to give worthiness to the effort of producing it.

Suggestion no. 1

We therefore **suggest** that in the revenue assumptions for the budget and more rigorously in a revised budget, the agreements signed as well as the ongoing negotiations and their financial implications, should be taken into account.

Comments by the Secretary-General:

Close attention will continue to be given when establishing revenue assumptions for the event budget based on available information and careful market analysis. Probability of achieving revenue based on ongoing negotiations will be carefully considered, particularly during any budget revision process.

1. As already considered in our previous reports (see Suggestion 1/2012 and subsequently), that the conclusion of a Host Country Agreement should take place as early as possible. The timely signature should be not later than 6 months before the opening of the event, for an alignment with the timing of the budget approval.
2. Although we acknowledge that the process of negotiating and signing the HCA is not entirely under the control of ITU Telecom, we ask to put any effort in achieving this result.

**Suggestion no. 2**

1. We therefore **suggest** to consider as a normal period for the signature of a Host Country Agreement six months before the opening of the event, and to make an effort to respect this term.

Comments by the Secretary-General:

All efforts will continue to be made to reach successful conclusion of negotiations with the Member State Administration in order to sign the Host Country Agreement six months before the opening of an event.

### Segment reporting

1. As in 2017, a Segment Reporting (SR) table was presented among the Final Accounts, aimed to be consistent with the segment reporting in the Note 24 to general ITU Accounts.
2. We noted last year that the amount reported as “other expenses” in the Summary of Revenue and Expenses by Category (p. 5 of WT17 accounts), needed a breakdown and a better definition of the categories. We acknowledge the implementation of the breakdown in the Summary by Category for TW2018 accounts.

# REVENUE

1. Revenue totalled 5.7 MCHF and were lower than budgeted 7 MCHF, and significantly lower also than revenues from previous events (7.4 MCHF). In the following paragraphs we present some analysis of the revenue.

### Sponsorships and contributions

1. The revenue from the 20 companies amounted to 2,482 kCHF, 1,601 kCHF of which represented the contribution from the Host Country and 881kCHF from sponsorships.

### EXHIBITION

1. A total of 3,048 m2 was sold as exhibition spaces (both as raw spaces and turnkey stands), which correspond to 1,846 kCHF, with a diminution respect to WT2017 (5,968 m2 for 2,890,681 CHF) and also respect to WT2016 (3,956.5 m2 sold corresponding to 2,123 kCHF). More than a third of the around 300 exhibitors were SME.

### Admission fees

1. Revenue from Exhibition admission fees amounted to 4.3 kCHF, less than half of the budget (9 kCHF), due both to the relevantly reduced number of paid visitors (479, they were 2509 in 2017) and to the low cost of the fee for locals (5 CHF). Some adjustment in discounted and free passes policy is advisable. Anyway, this negative variance regarding Exhibition passes is compensate by the increased revenue for Forum admission passes.

### Raw space

1. The revenue related to the sale of “raw space show a result (1,121.3 kCHF) that is 36% less than the budget (1,747.5k CHF),
2. Out of 18 renters, 2 are still outstanding debtors (11%) for an amount of 119.8 kCHF that is 10% of the total.

### Turnkey

1. The “Turnkey Solution Packages” product shows a variance of the actual result respect to the budget of -33%: revenue from turnkey solutions, budgeted to 1,074.5 kCHF, amounted to actual 724.3 kCHF.
2. Out of 31 exhibitors, 2 are still debtors that represent 6% of them. The rate of the unpaid amounts is less than 0.3% of the total.
3. Lower expenses, amounting to 155.5 kCHF (-57% than the forecasted 363 kCHF) for constructions and set-ups of turnkey stands are registered, so the net result of the product is 568.8 kCHF.

### Office suites

1. The “Office suites” product had just one buyer and shows revenue for 19,800 kCHF, 72% less than the budget. This product, intended mainly for use of meeting room, resulted lacking in interest for the companies that had such spaces in their exhibition stands. A correspondent cut in the related expenses allowed nevertheless a positive result for this item.

## FORUM

1. Actual total revenue from the Forum (706.4 kCHF) was 11% lower than budgeted (793 kCHF). For this event, the revenue from Forum admission fee represents 44.6% of total Forum revenue, which is a significantly higher proportion compared with other Telecom events.
2. In fact, revenue from sale of passes for the Forum amounted to 315.4 kCHF, more than double the budget. A total of 120 sold passes is registered, almost the same as the previous year event (they were 121), but with a higher revenue. The discount policy applied and the choice of categories of passes to sell ensured successful result both for participation and revenue.
3. Due to a significant reduction of the expenses (52.5 kCHF budgeted, 36.4 kCHF actual), the financial result of the Forum shows a surplus of 670.1 kCHF, that is only 9.5% lower than budgeted (740.5 kCHF).

### Special Programmes

1. For the Special Programmes considered as a whole, less than half of revenues (actual 278 kCHF) than budgeted (577 kCHF) although the budget was already halved respect to the last year. A not equivalent reduction of the expenses occurred (actual 93.5 kCHF, budgeted 144.5 kCHF). This leads to a financial result (actual surplus 184.5 kCHF) significantly lower than predicted (budgeted surplus 432.5 kCHF).

### Leadership Programme

1. This programme shows unvaried revenue respect to the budget (22 kCHF), since it consists in a fixed contribution, but part of this amount is still unpaid. Actual expenses should be lower (for instance, the Leader’s Lunch costed 7.5 kCHF instead of 14, but due to the provision of 12 kCHF for the said debt, the amount to be considered as expenses (23.96 kCHF) is slightly higher than predicted (21 kCHF). Thus, this programme faced an unpredicted negative result.

### Networking Programme

1. Behind the positive result of this programme (although actual 141 kCHF instead of budgeted 204.5), lies a checkered situation: two products (Networking Breakfast and Panel Lunch) remained unsold (respectively for 25 and 80 kCHF), but a fourth sponsorship was sold, where 3 were budgeted, for an added revenue of 36 kCHF.
2. Management already assured that studies on the more convenient price for the Panel Lunch and the actual interest for the product “Network Breakfast are ongoing.

### Entrepreneurship Initiatives

1. The three initiatives (Innovation Partner, Business Matchmaking Service and Award Ceremony) received no sponsorship, thus no revenue was produced, although budgeted for 100 kCHF. Savings have been realized in the related expenses (56 kCHF actual, compared with 83 kCHF budgeted), corresponding to the negative result.

### Celebration activities

1. The revenue from the sponsorship of the two dinners was less than the half of the expected (90 kCHF actual, 210 kCHF budget), since one of the dinner was related to the presentation of 2019 venue and the individuation of it supervened too late.
2. As for the second dinner, the revenue in the accounts has to be set against the provision for the unpaid main part of the sponsorship (82.2 kCHF from 90 kCHF).
3. We recall what we suggested in our Audit Report on TW2015 Budapest, (Suggestion n. 5/2016) i.e. to make every effort to announce the next venue of the event in a timely manner to be able to commence its promotion and avoid the loss of good opportunities for raising funds. If the subsequent event’s venue is not yet confirmed at the time of budget preparation, no allocation of revenue should be envisaged.
4. We recall also the comment by the Secretary-General, assuring that “a process has been launched to identify the host country for 2017 much earlier than in previous years in order to ensure sufficient time to plan promotions at the 2016 event. **This advance planning will continue for future events**.” We draw the attention of Management on this already taken commitment.

### Barters value

1. Value of barters was almost the same of last edition (1,076 kCHF in 2018, they were 1,052 kCHF in 2017).
2. A control of the services actually given by barter partners was thoroughly carried out, for each one of the 40 agreed barters, with screenshots of the web pages dedicated and copies of the articles published.

## Outstanding revenues

1. At 31.12.2018 six (6) debtors were registered, for an outstanding invoiced amount of 216 kCHF. The unpaid invoices have been provisioned for that amount.
2. No subsequent payment from these debtors occurred. This circumstance shows some lack of efficacy in the actions for reminding and obtaining this payments, considering also the financially critical result of the event and what said above (par. 61 and 64) about the level of invoiced but not payed revenue.
3. Presently, ITU policy requests to send a first letter of reminder to the debtor one month after the event, and then a second and a third reminder. An improvement of this policy should be made.

Recommendation no. 2

We **recommend** to strengthen the action of soliciting payments adding to the procedure the sending of the first letter of reminder one month **before** the event.

Comments by the Secretary-General:

An improved policy and procedure will be established and implemented with regard to the timely solicitation and follow up of payments to ensure compliance before the event. As agreed between ITU Telecom and FRMD, the first letter of reminder to debtors will be sent one month prior to the event provided the initial invoicing process has already taken place.

1. A formal reminder before the event implies that the providing from ITU (raw space, or turnkey or visibility) related to the specific payment, is at risk in case of missing answer. An explicit deadline could also be communicated.

Suggestion no. 3

We **suggest** to consider the possibility of denying the provision of space, turnkey or sponsorship visibility to the debtors that did not answer to a reminder sent before the event or who have not paid within the given deadline.

Comments by the Secretary-General:

The provision of goods/services/benefits will be carefully considered within the context of the policy referred to under Recommendation 2.

# EXPENSES

## Core Expenses

*ITU Cost recovery*

1. A fixed amount of 1 MCHF was charged as ITU cost recovery (part of core expense) as in the revised budget, which represented the salaries and remunerations of staff from other departments providing services to ITU Telecom World 2018. In the first budget, an amount of 1.5 MCHF was recognized as cost recovery.
2. The revised amount was decided by the Secretary-General taking in consideration the necessity of reducing the costs of the event along with the diminished revenue.

*TLC Secretariat*

1. In accordance with the current working methodology, the ITU Telecom Secretariat costs are allocated to each ITU Telecom event in relation with the service time dedicated by the staff to it. The actual cost of ITU Telecom Secretariat (core expense) which was charged to ITU Telecom World 2018 amounts to 2,712 kCHF (it was 3,005 kCHF in WT 2017). Although it is 15% less than the budgeted amount (that is 3,200 kCHF) we highlight its relevance on the total expenses.
2. We noted that some ITU Telecom staff are rendering service to other ITU departments, and vice-versa, which may not be easily calculated in determining the amount of cost recovery.

## Direct expenses

1. Direct expenses were 2,286.7 kCHF, lower than the budgeted amount (2,470 kCHF). We acknowledge the efforts performed by Management for reducing such expenses.

## Sales Agencies or Promotion partners

1. An amount of 79.4 kCHF occurred for the item Sales Agency commission, also defined “Promotion partners”. These expenses were 34% less than budgeted and less than in 2017. This could be related to the diminished revenue they were intended to assure. They are, as in 2017, included under Administration expenses, since we understand that it will be very difficult to include separate budgetary provisions for each product; nevertheless, they have to be considered costs related to specific activities, such as participations to Exhibition or Sponsorship or special Programmes, for which the Promotion Partner succeeds in finding “participants”.
2. A “finder fee” of 30% or 15% of the amount actually received by ITU for individual contracts was recognized to the Sales Agencies, the first for “new” contact, the second for returning contact. A direct link between a specific revenue and its “cost” in terms of due fee to the finder was disclosed. We obtained evidence of three of such contracts, all three of the first type (new contact). The related revenue amounted to 267.3 kCHF, and the total finder fee was the 29,7% (30 % for new clients and 15% for returning clients).
3. For reasons of transparency and accountability, given the nature of partners of these subjects and the service provided by them, the entities recognized as eligible promotion partners should be selected through a vetting procedure, following the rules of Procurements, as applicable.

Recommendation no. 3

We **recommend** to adopt established and sound criteria in the selection of promotion partners.

**Comments by the Secretary-General**:

Promotion Partners are currently selected on the basis of market research and demonstrated involvement in similar roles for other reputable exhibitions/conferences in their region of activity. Notwithstanding, a selection process with qualifying criteria will be established and applied, ensuring full transparency in the appointment of promotion partners for future events, taking into account any applicable procurement guidelines.

## Telecom Media Services

1. No sponsorship or other revenue, related to this activity was budgeted or actually sold. Among its expenses, saves occurred for videos and for refreshment, since HC offered free food and beverage for the Media Space.

# KPI AND PARTICIPANT ANALYSIS

1. As it was the case in the past years Event, demographic detections and other detections, including the customer satisfaction, were completed through a “Participants analysis”.
2. The total number of participants, 3,534, shows a sharp decrease compared to the previous years (9,112 in 2017, 8,764 in 2016), but with a 39% of foreign presence that is the highest level of international attendance in last years. A large majority of participants were from Africa (76.7 %), followed by Asian presence (11.7 %).

### Gender issue

1. Gender distribution for participants shows in 2018 a slightly better result (F/M = 31/69; it was 24/76 in 2017 and 35/65 in 2016). This issue has to be still kept under observation in next editions of the event. We already pointed out the importance of this issue in our Suggestion 7/2016, and we integrally recall it.

## Global dimension

1. Participants from 96 countries were registered, less than in 2017, when participants from 103 countries were registered, and a lot fewer than in 2016 (128 countries).
2. The Regional breakdown shows an unbalanced distribution of participants, with a 77% of provenience from Africa. We recall our suggestions in previous report about a better fulfilment of the global dimension.

## Feedback from participants

1. As in previous editions, the efforts to obtain a useful feedback from participants encountered the obstacle of a scarce to spend their time answering to specific questions about the event. The kiosk survey was not used in this event.
2. Although the issue needs to reach a fair balancing between costs and efficiency, we believe that further efforts deserve to be put in place, since the feedback is an important tool in driving the choices of Management in activities closely related to the responses of an audience.

Suggestion no. 4

Therefore, **we suggest** to study more decisively another affordable tool to obtain reliable feedback from participants during and after the event.

**Comments by the Secretary-General**:

Detailed feedback from all stakeholders will be gathered for the 2019 event within the context of the assessment and review of ITU Telecom events to be undertaken by the appointed management consultancy, as per the requirements of Resolution 11 (Rev. Dubai, 2018) and referred to in paragraph 30 of this report. Notwithstanding, a study will be undertaken to assess other tools and mechanisms, and the associated financial implications, to obtain reliable participant feedback at future events.

# FOLLOW UP TO OUR RECOMMENDATIONS AND SUGGESTIONS

1. We followed up the implementation of the recommendations and suggestions issued in our previous reports. Annex 1 shows the follow-up tables, which include the comments received from ITU Management and the current status of implementation.
2. The recommendations that are evaluated as “closed” this year will not be included again in next year’s Audit Report, unless they need an annual follow-up.

|  | **Recommendation made by External Auditor**  **(Corte dei conti)** | **Comments received from the Secretary-General at the time of issuance of the External Auditor’s Report** | **Status as reported by ITU Management** | **Status on actions taken by Management as evaluated by Italian Corte dei conti** |
| --- | --- | --- | --- | --- |
| **Rec 1/2017** | We recommend considering in the bidding process that the extended deadline of the bid be communicated to all Member States. | All Member States will be duly informed of any deadline extensions agreed in general or with any specific country, during the bidding process to host an ITU Telecom event. | The bidding process to host an ITU Telecom event in 2020, 2021 or 2022 has been launched. Details have been sent to all Member States. All Member States will subsequently be informed of any deadline extensions agreed in general or with any specific country. | Closed.  See Recommendation  1/2018 |
| **Rec 2/2017** | We therefore recommend adopting a standard template in Telecom's request for the Secretary-General's decision as referred to in Article 2.8 of the "ITU Telecom Policy and procedures". | A standard form of Memorandum will be established by the Telecom Secretariat tor this purpose, including all relevant information to be communicated to the Secretary-General tor his decision. | A standard form of Memorandum has been established by the Telecom Secretariat for this purpose, including all relevant information to be communicated to the Secretary-General for his decision. | Closed |
| **Rec 3/2017** | We recommend performing regular monitoring during the event and ensure that the exact dimension of spaces allocated by ITU to exhibitors is adhered to, for commercial as well as security and safety reasons. | As of the 2018 event, a routine monitoring procedure will be established to ensure that exhibitors only occupy their allocated space, and measures taken to address any discrepancies. | At the 2018 event, a routine monitoring procedure has been performed to ensure that exhibitors only occupy their allocated space, and measures were taken to address any discrepancies. | Closed |
| **Rec 4/2017** | Therefore, we recommend limiting the recourse to these Promotion Partners to a minimum, and to carefully consider the need for them in each case. | Promotion Partners play an important role to market the event and increase the client base in various countries/regions that would not be possible to reach given the size of the internal sales team. The list of entities that they cannot approach is updated annually and for 2018 the “finder fee” has been reduced to 15% for returning clients, and will be further reduced to 10% for 2019. | The list of entities that Promotion Partners cannot approach is updated annually and the “finder fee” has been reduced in 2018 to 15% for returning clients, and will be further reduced to 10% for 2019. | Closed.  See Recommendation  4/2018. |
| **Rec 5/2017** | Despite some efforts made, unsatisfactory result was achieved in balancing the gender distribution of participants, both in forum and in exhibition. We therefore recommend enhancing the efforts to tackle this issue. | Further analysis will be undertaken to understand the difference in the gender distribution comparing the 2016 and 2017 events. Notwithstanding, measures that aim to improve the balance will be explored and implemented. | For the 2018 event significant efforts were made to ensure female representation in all Forum sessions and all invitation letters encouraged the participation of female delegates. The overall gender balance of participants in 2018 saw a marked improvement with an increase of 7% compared to 2017, Notwithstanding, additional measures that aim to further improve the balance are being explored and implemented. | Ongoing |

**Suggestions**

|  | **Suggestion raised** **by Italian Corte dei conti** | **Comments received from**  **Secretary-General at the time of the issuance of the report** | **Status as** **reported by ITU Management** | **Status on actions taken by Management as evaluated by Italian Corte dei conti** |
| --- | --- | --- | --- | --- |
| **Sugg. 1**  **2017** | We therefore suggest representing separately in Segment Reporting expenses, now included in "other expenses", for example, splitting ITU Cost Recovery, TLC Secretariat and Debtor Provision under Expenses - Administration. | In past ITU Telecom events, the ITU Cast Recovery, TLC Secretariat and Debtor Provision had been reflected separately in the Summary of Revenue and Expenses. However, in order to simplify, these objects of expense have been consolidated in WT17 Accounts as "Other expenses". As suggested, these items will again be presented separately under Administration in the Summary of Revenue and Expenses by Category from WT18 onward. | ITU Cost Recovery, ITU Secretariat and Debtor Provision have been reflected separately in the Summary of Revenue and Expenses of WT18 Final Accounts. | Closed |
| **Sugg. 2**  **2017** | Having observed the sharp decreasing trend in the revenue from Forum admission fees, we suggest exploring alternative measures such as a reduction of free and benefit passes and an increase of the number of paying attendees to the event. | Measures have already been undertaken for the 2018 event including a reduction in discounts and new promotions that aim to increase sales. Results will be analyzed, along with the impact of sales packages that include provision of passes as an associated benefit. | The no. of sold units and revenue from Forum admissions fees saw a significant increase for 2018 following introduction of a reduced rate for Host Country nationals. This initiative was well received and is being continued for 2019 as well as pricing considerations for developing countries. ITU will continue to monitor and analyze results of the pricing policy and revenue and participant nos. | Closed |
| **Sugg. 3**  **2017** | We therefore suggest that the invitation to potential candidates for fellowships should be sent earlier and should clearly indicate the qualification needed, which would allow for more time to prepare submissions and more adherence to the requests thereby enhancing the involvement of selected fellows in the Forum e.g. as speakers. | Taking into account the outcome of the past few years, ITU has decided not to provide fellowships for 2018 and will instead further analyze the fellowship programme and its impact with a view to improve and/or consider other potentially more effective measures to provide participation opportunities for Member States from least developed countries (LDC). | Further to PP-18 outcome, a revised Service Order is being established by ITU concerning eligibility and policy for awarding fellowships for activities funded through the ITU regular budget. ITU Telecom will follow such policy for fellowships to be offered for 2019 onwards. | Closed |
| **Sugg. 4**  **2017** | We suggest renewing the evaluation of the amount of Cost Recovery, for a better consideration of its still plausible adequacy in the present situation. | The amount of ITU Cost Recovery for ITU Telecom events will be reviewed taking into consideration the current situation. | Ongoing as part of standard practice. | Closed |
| **Sugg. 5**  **2017** | We suggest adding a table, annexed to the Accounts, with clear connection between revenue obtained through Promotion Partners and the cost of "finder fees". | A table will be annexed to the "Accounts" showing the finder fees paid to each Promotion Partner and the corresponding revenue earned for each product. | A table has been provided to the External Auditor showing the fees paid for each Promotion Partner and the corresponding revenue earned for each product. A similar table will be annexed to the “Accounts” for the 2019 event. | Ongoing |
| **Sugg. 6**  **2017** | Therefore, we suggest finding a way to increase the interest of attendees in participating in the survey, using the kiosks or other tools. | lt is acknowledged that, despite measures taken in 2017 to improve the situation, the kiosk survey is consistently failing to generate reliable data to rate Forum sessions. Alternative methods are being explored, and will be evaluated for 2018, including better use of the Event App for this purpose. | Although the % of participants using the Event App in 2018 continued to grow, usage to rate Forum sessions was minimal despite all efforts to promote. However, a post event survey had a reasonable response rate and about 50% of respondents had access to Forum sessions. Therefore further efforts will be made in 2019 to provide incentive to complete the general participant survey and gather Forum and other relevant feedback for analysis. Feedback data will be augmented via direct face-to-face discussion with key event stakeholders as part of ongoing standard practice. | Closed.  See Suggestion 3/2018. |
| **Sugg. 5**  **2016** | We suggest to continue keeping track of service time rendered by Telecom staff for the event as well as for other ITU activities for better understanding of the services provided to other ITU departments. | Efforts will continue to ensure a record is kept of service time rendered by staff on Telecom events as well as other ITU activities. | On-going as part of standard practice. | Closed |
| **Sugg. 7**  **2016** | We suggest to enhance the efforts for a more balanced composition of each category of participants, particularly the ones with more visibility, such as speakers. | Efforts will be increased to achieve a more balanced composition of speakers and other categories of participant, with specific attention to gender distribution. | Enhanced efforts are being continued. | Closed |

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