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| **Agenda item: ADM 2** | **Document C23/42-E** |
| **12 June 2023** |
| **Original: English** |
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| Report by the Secretary-General | |
| SPECIAL REPORT BY THE EXTERNAL AUDITOR ON THE REGIONAL OFFICE FOR THE AMERICAS – STATUS UPDATE | |
| **Purpose**  Between 30 April and 6 May 2022, ITU’s external auditor conducted a specific audit of the activities performed in the ITU Regional Office for the Americas, reviewing various issues that have been highlighted in audit reports and other reports of ITU’s oversight committees and groups. The report of the specific audit was presented to ITU Council at its 2022 session for examination. The report makes 23 distinct recommendations, and activities have been ongoing to address the recommendations as appropriate.  This document analyses the recommendations, summarises actions taken by ITU to date, and sets out the current status for each.  **Action required by the Council**  The ITU Council is invited **to consider and take note of** this report.  **Relevant link(s) with the Strategic Plan**  ITU regional presence  **Financial implications**  None.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **References**  [Council Document C22/104-E – Special Report by the External Auditor Regional Office for the Americas](https://www.itu.int/md/S22-CL-C-0104/en) | |

The table below sets out the recommendations of the specific audit, and provides the current status of ITU’s activities towards implementation of the recommendations.

| **Recommendation** | **Responsible** | **Actions Taken** | **Status** | **Anticipated Completion Date** |
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| **Recommendation n. 1.**  We recommend that the presence of the ITU – in a building where the hospitality of ANATEL is free of charge – be clearly identifiable as separate from the national entity, for the respect of the impartiality of the missions of a United Nations agency | ITU AMS RO | ITU has requested external signage reflecting ITU’s presence in the ANATEL building.  In relation to identification of ITU’s presence on the inside of the building, ITU is carrying out discussions with ANATEL representatives. This is being discussed in the context of the findings of the ITU resilience mission which was carried out from 10 to 12 May 2023. | IN PROGRESS | 31 December 2023 |
| **Recommendation n. 2.**  We recommend that measures be taken to enable the regional office to have the effective power to manage its spaces and accesses in order to be able to know who has entered its spaces and had access to the office, even if staff or people delegated by. | ITU AMS RO | An ITU resilience mission including a comprehensive security review of the Brazil office, was carried out from 10 to 12 May 2023.  The recommendations of this mission will be adopted to address this recommendation, in coordination with ANATEL representatives and in conformity with the internal rules of the local government. | IN PROGRESS | Timelines for implementation of the recommendations of the security review will be established between ISD and ITU AMS RO. |
| **Recommendation n. 3.**  We recommend that the Host State agreement be revised, describing in detail the assets and facilities granted to ITU, with transparent description of the ITU rights and duties to control and preserve these assets as for instance, their maintenance and replacement costs. | ITU AMS RO | This recommendation is being carefully considered by management, to determine whether the substantive issues can be resolved without renegotiation of the HCA, which is potentially disruptive. | UNDER REVIEW | Timelines will be proposed if applicable following ITU’s consideration of the implications of renegotiating the HCA. |
| **Recommendation n. 4.**  In line with the Recommendation n. 3, in order to be compliant with IPSAS, Brasilia Regional office should have “control” over these assets granted by ANATEL, we recommend following up them in a regular inventory process. | ITU AMS RO | ITU AMS RO has coordinated with ANATEL to ensure regular inventory process for ANATEL assets in the Regional Office. | IMPLEMENTED |  |
| **Recommendation n. 5.**  We recommend improving asset management in Regional and Area Offices, through the update of the assignment to pertinent staff, and also, with regard to the fair value of assets, their obsolescence, impairment, enhancing the procedures for writing off at regional level. | ITU AMS RO | The list of ITU assets based in the AMS RO is regularly reviewed. | IMPLEMENTED |  |
| **Recommendation n. 6.**  Comprehensive identification of low level assets should be maintained, even if in a separate list of assets that can be considered of “low value”, followed up by a regular inventory process which should consider also their accounting, if material. | FRMD | Low value assets are inventoried and are part of regular inventory checks such as: mobiles, tablets, and others. Any other low-value items that ITU decides to identify with an inventory number, they will be also checked regularly. | IMPLEMENTED |  |
| **Recommendation n. 7.**  We recommend that the headquarters and the local office make an appropriate assessment of the risk of tampering and that ITU take appropriate measures to allow full control (including secure physical control) of its servers in the regional headquarters. | ISD | This recommendation will be considered during a planned review of all regional and area office IS systems, which is being started in 2023 and will continue into 2024 depending on budget availability. | IN PROGRESS | Timelines for implementation of the recommendations of the security review will be established between ISD and ITU AMS RO. |
| **Recommendation n. 8. (Description of Services in Local Agreement)**  We recommend that ITU Management enhance the monitoring of local agreements and contracts, assuring compliance with ITU procurement rules and general good practices. | ITU AMS RO | A comprehensive assessment of all local service contracts will be conducted by 30 September 2023, in accordance with ITU’s procurement manual. | IN PROGRESS | 30 September 2023 |
| **Recommendation n. 9.**  Recommend PROC to start an effective monitoring of all local contracts, in particular on amounts negotiated and split in various agreements with the same suppliers. | PROC/ITU AMS RO | The revision of the Procurement Manual has considered this recommendation, including appropriate amendments to the Low Value Procurement workflow with an annual threshold. | UNDER REVIEW | 31 December 2023 |
| **Recommendation n. 10. (Dual Signatories of Local Agreements/contracts)**  To enhance the internal controls, we recommend that any agreements that should be signed locally should have dual signatories, for instance, one from Regional staff and one from HQ. | BDT/ITU AMS RO | This recommendation is being considered carefully in accordance with implementation of recommendations of the PWC Regional Presence Review regarding delegation of authority. Decision on implementation for that process is by 31 December 2023. | UNDER REVIEW | 31 December 2023 |
| **Recommendation n. 11.**  Also in line with recommendation 8 point (i), having detected agreements prepared and signed only in local language, in consideration that the risk of dispute on clauses might increase, we therefore recommend the followings: (i) to involve, since the earliest stage of drafting a report in local language, the ITU legal department, (ii) to involve the UN office in the Member States in being helped in legal matters; for instance, we are aware that in Brasilia there is a UN office with a consistent staff, that we suppose it could be consulted for help by ITU. | ITU AMS RO | This recommendation is being considered carefully in accordance with implementation of recommendations of the PWC Regional Presence Review regarding delegation of authority. Decision on implementation for that process is by 31 December 2023. | UNDER REVIEW | 31 December 2023 |
| **Recommendation n. 12.**  We recommend that a procedure be urgently put in place, clearly stating who is accountable of managerial decision on controlling and monitoring staff presence (and telework) and that an efficient and effective decisional process be defined to establish whether a sanction should be provided to an unjustified absent staff. | HRMD/ITU AMS RO | ITU has implemented a global process and control systems for teleworking which has been implemented in Regional and Area Offices with Regional Directors and Area Representatives having responsibility for implementation and monitoring in their respective offices. | IMPLEMENTED |  |
| **Recommendation n. 13. (Register for recording staff presence)**  We recommend installing a system for recording access at regional level. | ITU AMS RO | An automated teleworking register has been put in place for ITU, which is being implemented by all RO and AOs. | IMPLEMENTED |  |
| **Recommendation n. 14. (Detecting presence during teleworking)**  In line with recommendation 13, that recommends installing a system for recording presence at regional level, we recommend enhancing internal controls on teleworking, for instance using IT tools. | ISD/ITU AMS RO | In compliance to the personal data protection and privacy principles adopted by the UN High-Level Committee on Management (HLCM) at its 36th Meeting on 11 October 2018, ITU issued Service Order No. 20/10 Physical Access Control System (**ACS**) in ITU Headquarter Premises which stipulates that “*the* ***ACS*** *is neither intended nor used for profiling or for monitoring the presence of individual staff, delegates or visitors*”.  While the SO has been issued for HQ operations, the principle is valid for all ITU staff, delegates or visitors globally.  Regional Directors and Area Representatives are tasked with ensuring attendance of staff in office, in accordance with the automated teleworking register put in place for ITU. | UNDER REVIEW |  |
| **Recommendation n. 15. (A defined regulatory framework for teleworking is missing)**  We recommended to enhance internal controls on teleworking, in particular through IT tools based also on access remotely in the ERP from staff working at home. | HRMD | This has been implemented. | IMPLEMENTED |  |
| **Recommendation n. 16.**  We recommend, in order to enhance internal controls, implementing urgently specific rules over SSA. | BDT | A system for managing SSA performance has been implemented in BDT on a global basis. Regional and Area Office staff are being reminded to adhere to these requirements. | IMPLEMENTED |  |
| **Recommendation n. 17.**  We recommend implementation of a rotation policy, which provide for a specific regulatory framework related to regional presence, where P staff and Directors should rotate in short intervals, according to international good practices. | HRMD | This is being considered as part of the ITU transformation initiatives. | IN PROGRESS | Timelines to be established. |
| **Recommendation n. 18.**  In line with our rec. 17, we recommend an effective staff rotation, in order to avoid: (i) potential conflict of interests in case consultants (under SSA) and P and D staff work in the same Region and/or Member state where they have their citizenship, or in case of previous relations with donors (familiar, former employment, etc.); (ii) that they might have a position in that geographical area that could influence the technical choice of one technology comparing to others; (iii) they might represent ITU in their home country. | HRMD | This is being considered as part of the ITU transformation initiatives. | IN PROGRESS | Timelines to be established. |
| **Recommendation n. 19.**  In order to improve monitoring of expenditures executed by ROs and AOs, we recommend updating the SAP system or finding a solution that allow to extract timely information per Purchase orders, in a way that Headquarter could start an effective monitoring of level of expenditures performed at regional level. | ISD/FRMD | The update of SAP is being implemented as part of the overall ITU transformation initiative. | IN PROGRESS | Timelines to be advised. |
| **Recommendation n. 20.**  We recommend urgently establishing key internal controls that could perform an effective monitoring and not only timely implementing effective corrective actions, but also blocking and/or refusing payments, when deemed necessary. | ITU AMS RO/ PROC | This has been noted. It should be noted that the problems identified in the audit pre-date the revision of ITU’s Procurement Manual and implementation of new procurement processes. The Secretariat has reviewed this issue and considers that the current framework adequately addresses the risks, as noted further below. | IMPLEMENTED |  |
| **Recommendation n. 21.**  We recommend that the Procurement Manual should clarify and reassess which should be the role of the donor and the beneficiary in the selection of the suppliers, in order also to avoid potential conflict of interests among donor, supplier, and ITU, with the aim to minimize the reputational risks for ITU in case this potential conflict of interests will end in a real conflict of interest, and then increase the fraud risk.  We recommend that, for technical cooperation and assistance projects:  i. if ITU has not the capacity to write the Term of References and they are written by the donor, the donor should sign a declaration of absence of conflict of interest, to be assessed by independent staff, who have a real capacity of such assessment, according to the ITU oversight framework.  ii. in case representative from the donor are invited to sit in the Technical Evaluation Panel (TEP), they should not be possibly the same staff who wrote the Term of References;  iii. in case ITU has not the capacity to write the Term of References and/or to perform a technical evaluation, (a) consultant(s) should be hired for writing the TOR and for being member of the TEP;  iv. the Procurement Manual should be modified, in order to clarify about the participation of the donor and the beneficiary in the TEP (for example reading the Procurement Manual the role of the donor in the technical evaluation is completely unclear (active role or just observer).  v. if ITU has not the technical capacity to write a Project or the Terms of Reference and the related technical evaluation and this task is performed by the donor or the beneficiary, ITU should question the donor or beneficiary, in a written procedure, in order to have an explanation on why they want to have the project/procurement implemented through ITU, in order to have a transparent reason on why ITU has been involved in that specific project | PROC/ ITU AMS RO | The recommendations have been noted. All cooperation agreements and project documents signed with funding partners (including for technical assistance) clearly define the application of all ITU rules and procedures in the implementation of such cooperation. This includes the application of ITU financial rules and regulation, ITU´s Project Management Manual and the ITU Procurement Manual, which define the clear independency of ITU to ensure that the sourcing of services for projects is done based on the principles of technical expertise, market competition and transparency. This applies also to projects for technical assistance. The Secretariat considers that its current framework adequately addresses the risks identified. | IMPLEMENTED | ITU will continue to strengthen the regulatory framework on conflicts of interest procedures (and declaration of interests), procurement procedures, as well as the effectiveness of the new measures introduced by the Working Group on internal controls. In addition, ITU will continue to implement the Accountability Framework adopted at the last session of the ITU Council, as well as the accompanying Service Order.  We will continue to review and reinforce these mechanisms to address any potential risks. |
| **Recommendation n. 22.**  In order to comply with the best practice on procurement, we recommend establishing, in case of contracts or purchase orders awarded above a certain threshold to be decided by Management (for example, the one of 50K applied for debriefing): (i) a standstill period (a period during which the procuring entity is not allowed to sign a contract send the letter of regrets as soon as the decision to award a contract taken); (ii) a Protest procedure to be communicated in the letter of regrets to vendors who participated in a procurement procedure. | PROC | It should be noted that:   1. As opposed to EU procurement practice, a standstill period is not a common practice within the UN organizations. At the ITU, a contract with a value equal to or more than CHF 50K is signed by the Secretary-General only after the recommendation of the Contracts Committee; and 2. A debriefing with unsuccessful bidders is communicated in the regret letter.   The secretariat considers that ITU’s procurement practice is appropriate for the organization, and adequately addresses the risks identified. | IMPLEMENTED |  |
| **Recommendation n. 23.**  In order to enhance the accuracy of database intended to help in project management, and the effectiveness of its control, we recommend implementing a database where all relevant information related to projects are inserted timely, monitored and, after, checked by a unit different from the bureau that manages the database. | ITU AMS RO | BDT has implemented a comprehensive and timely projects database and review process which is managed by the BDT Project Support Division (PRJ), which is separate from the Regional and Area Offices and all departments within BDT that manage projects. | IMPLEMENTED |  |

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