

Summary Report of the 18th meeting

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

1 Introduction

- 1.1 The eighteenth IMAC meeting was held from 22 to 24 November 2017. In addition to its discussions with ITU officials about relevant topics, the Committee met with the Deputy Secretary-General of ITU for the closing debriefing session.
- 1.2 In this summary report the terms IMAC and Committee are used interchangeably.

2 Feedback from the 2017 Session of the ITU Council

- 2.1 The Chair of IMAC briefed the members of the Committee on her participation and presentation during the 2017 Session of Council.

3 Review of Status of IMAC Recommendations

- 3.1 IMAC reviewed the overall status of implementation of IMAC Recommendations. Up to now, 84% of the IMAC recommendations have been implemented, while 8 recommendations (or 16%) are in progress.
- 3.2 The Recommendations still in progress comprise:
 - the need for a comprehensive ethics policy and framework, well publicized on the ITU web site (Rec.5/2017);
 - the establishment of a formal anti-fraud policy and related measures (Rec.6/2017);
 - the need for audit capacity to oversee the construction of the new headquarters building (Rec.7/2017);
 - formalized and coherent ethics arrangements (Rec.3/2012);
 - the conclusion of host country agreements for all regional and area offices (Rec.6/2013);
 - the continued discussion of arrangements to address issues in relation to ASHI (Rec.4/2016);
 - the continued development of an aggregated and holistic view of high level corporate risks (Rec.6/2016); and
 - the need for independent expertise in relation to the eventual sale of the Tower building to ensure appropriate pricing (Rec.13/2016).

4 Financial Management

- 4.1 IMAC received a briefing from the Chief of the Financial Resources Management Department on current financial management matters and on procurement.
- 4.2 The secretariat has continued monitoring developments within the UN system in relation to ASHI and work is progressing in the UN working group on the ASHI issues.
- 4.3 IMAC was informed about new procedures related to cash management implemented in the Regional Offices.

- 4.4 The development of a procurement manual and appropriate arrangements is being taken forward, to reflect best practice from comparable organizations.
- 4.5 FRMD confirmed that there had been more proactive and extensive communication from External Audit concerning the 2017 accounts closure and audit timetable. IMAC welcomes the more extensive liaison, which will be helpful to management in the timely production of the financial statements.

5 Ethics Office

- 5.1 The Ethics Officer briefed the Committee on developments since the last IMAC meeting, including awareness raising and training enhancement. The Ethics Officer had also produced guidance notes on certain campaign activities prior to the 2018 Plenipotentiary Conference and gifts at Telecom World 2017.
- 5.2 There is already in existence a quantity of information available in relation to ethics at ITU, such as a vacancy notice in relation to the post of the Ethics Officer, a Code of Ethics for ITU personnel (Service Order 11/02), and standards of conduct for the International Service (Service Order 17/07). However, the role, function and independence of the Ethics Office still needs to be properly clarified, notwithstanding the existence of related documents, and some new advice recently prepared by the Ethics Officer in relation to gifts and campaign activities prior to the 2018 Plenipotentiary Conference. It is important that the function of the Ethics Office remains independent of other line management activities.
- 5.3 IMAC suggest therefore that there is merit in bringing together all the different materials available in a coherent framework that can be promoted through the web site and with staff. The Committee consider it very important that the ITU's ethics framework, and mechanisms such as the provision of a whistleblowing policy and arrangements, is transparent and publicly available, not only within but also outside ITU, consistent with best practice and the advice of the UN Joint Inspection Unit (JIU). This would for example allow also external parties to report misconduct, and demonstrate ITU's consistent approach against misconduct to the public.
- 5.4 Now that ITU has an Ethics Officer in post, it would be consistent with good practice for the Terms of Reference of IMAC to be revised to include oversight of the Ethics function as part of the Committee's mandate. At the next opportunity IMAC will submit appropriate proposals to the Council.
- 5.5 IMAC therefore encourages senior management and the Ethics Office to put in place a coherent ethics framework made publicly available, consistent with current best practice, as a matter of priority.

6 Compliance and fraud management

- 6.1 IMAC met with the Head of the Legal Affairs Unit, the Ethics Officer, the Chief of the Financial Resources Management Department, the Head of Procurement, and the Internal Auditor to discuss progress on developing ITU's arrangements in relation to compliance and fraud management, following the corporate fraud risk assessment carried out by Internal Audit in 2016 and reported in May 2017.
- 6.2 IMAC noted that developments have been commenced towards the formulation of a draft anti-fraud policy and that a number of considerations have been identified, relevant to ITU's particular structure and circumstances, which were discussed with the Committee. IMAC shared its views on a number of aspects of best practice relevant to dealing with fraud and investigations.
- 6.3 IMAC welcomes the fact that work has begun to address this important deficiency; and encourages management to develop a draft anti-fraud policy as a matter of priority.

7 Internal Audit function

- 7.1 IMAC reviewed the status report on Internal Audit activities from the Head of Internal Audit; the position in relation to follow-up of Internal Audit recommendations; reports issued since the last IMAC meeting; and the proposed Internal Audit Plan for 2018.
- 7.2 IMAC noted the recruitment of a new resource for Internal Audit (a P3 post) from September 2017.
- 7.3 IMAC reviewed the status of management progress in implementing Internal Audit recommendations. IMAC noted that of 56 internal audit recommendations still in progress 28 were of high criticality, 8 of which are more than 2 years old. The Committee still considers that management responsiveness needs to be improved; and that management should provide target dates for implementation of all audit recommendations that are accepted.
- 7.4 IMAC reviewed and noted the Internal Audit Report of Financial Transactions Data, and the generally positive overall conclusion that the report reached, while also referring to some improvements that could be achieved.
- 7.5 The Committee also reviewed the feasibility study on evaluation that had been coordinated by Internal Audit and which included proposals on how ITU could best go about establishing an evaluation policy and function. This feasibility study, carried out by external evaluation specialists, included proposed next steps that ITU could follow; referred to the establishment of an evaluation function collocated within Internal Audit; and with an evaluation budget. These findings and guidance will be very useful to ITU and IMAC understands that the next steps are already being addressed. It is IMAC's view that it will be important that any evaluation function and activities within ITU should be appropriate to the nature and size of the organization itself; that there should be a discrete budget provided for any evaluation activities in the future (since this cannot be undertaken within the existing budget for Internal Audit); and that an evaluation function requires different expertise and skills than those available in Internal Audit. Evaluation needs to be an independent and discrete activity, even if it is co-located with Internal Audit.
- 7.6 IMAC reviewed the proposed Internal Audit Plan for 2018 and discussed the proposed subject areas for internal audit coverage and the risk analysis process which supports the plan. IMAC noted that there were two audits proposed for 2018 that are carried over from 2017, given that Internal Audit were asked by management in 2017 to carry out two reviews which had not been planned for the current year.

8 External Audit

- 8.1 IMAC held a video conference with representatives of the External Auditors, the Corte dei Conti, to discuss their proposed audit calendar and activities for certification of 2017 ITU accounts and for reporting on ITU Telecom World 2017 and UNDP projects. IMAC appreciates the increased level of detail shared with the Committee, FRMD and Internal Audit.
- 8.2 IMAC noted that for 2018 the External Auditor's report on the financial statements will be presented to the special Council session immediately preceding the Plenipotentiary Conference in Dubai in October.
- 8.3 ITU management had informed IMAC that in 2018 the organization would need to initiate the selection process for the External Audit appointment from 2019. This process will be led by a selection panel composed of Member States which will evaluate candidatures and make recommendations to the Council. While the selection and appointment of external auditors is a matter for the Council and Member States, IMAC (consistent with the Committee's Terms of Reference and best practice) is available to provide advice on the appropriate selection process and evaluation criteria, including the costs and scope of the services to be provided.
- 8.4 Management raised with IMAC the issue of the appropriate function within the secretariat to serve as Secretary to the selection panel. IMAC considers that the Secretary function for the selection panel should be provided by the Internal Audit Unit, as the most independent function with appropriate

expertise within the secretariat. Other potential sources for the Secretary function, such as the Chief of the Financial Resources Management Department, would have potential conflicts of interest in that role.

9 ITU HQ construction project

- 9.1 The Head of the Facilities Management Division briefed IMAC on the latest developments in the ITU's HQ premises construction project.
- 9.2 The project is proceeding on schedule and to budget; and IMAC was impressed with the progress that has been made in these early stages, and with the care with which risks are being managed in the light of the various considerations previously raised by the Committee.
- 9.3 IMAC will continue to monitor progress and provide advice on an ongoing basis.

10 Risk Management

- 10.1 IMAC has continuously monitored the progress in developing ITU's risk management arrangements. The Committee has provided advice and also encouraged the developments that have taken place in risk management, and in particular to the major risks that arise from the impending high level of potential staff retirees, and the need for proactive succession planning across all Sectors of the ITU. IMAC referred to this in its previous report to Council (paragraph 3.14 of the IMAC 6th Annual Report to Council) and the External Auditor's report of 2017 also referred to these challenges.
- 10.2 IMAC received an update on progress in risk management and discussed developments with the Head of the Corporate Strategy Division. IMAC commends the progress and the way this is now being taken forward, adapting the approach to strategic risk management to adopt a more forward looking view of ITU's activities and role.
- 10.3 IMAC believes it is essential for ITU to be in a position to drive a 'fit-for-purpose' organization which addresses the future needs and skills that the organization will require. These will be significantly different from those that have sufficed up to now. This is essential in the fast changing environment and increasing resource considerations that the organization faces.

11 Meeting with the ITU Deputy Secretary-General

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

12 Next meeting of the IMAC

- 12.1 The Committee agreed to meet next on 19-21 of March 2018 and subsequently on the 27-29 June 2018.