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>> CHAIR: Good morning, colleagues. I would like you to take your seats. We will begin the fourth session of the ADM committee. We'll have two sessions today: One up to the lunch break, and the second session begins right after the lunch break until 4:00, after which we'll give the rostrum over to the plenary meeting. The fourth meeting of the ADM committee is declared open.

To begin with, I would like to invite to you look at the new rescission of the agenda, revision 3 of our agenda. Document C16DT3. Do you have any questions on the new revision of the agenda? I would like to invite you to take the floor, if that's the case. I don't see any requests for the floor. So revision 3 of the agenda is approved.

The first item on our agenda is document C16\_42, revision 1, the financial operating report for the financial year 2015. I would like to invite Mr. Barr to introduce this document to us.

>> Mr. Barr: Thank you, chairman. Ladies and gentlemen, Distinguished Delegates, on behalf of the Secretary General, I have the pleasure of introducing document C16\_42rev1, containing the financial report for 2015. As provided by Article 30 of the financial rules of the union, it is drawn up in line with the IPSAS standards which have been in place since 2010. All it notes that the financial statements and the attached notes are an integral part of this document. It presents a faithful image of the financial situation of the union of 31st of December, 2015. The reports covers the verified accounts of contributions, technical cooperation projects, the accounts for IT Telecom World 2015, benevolent funds, and the ordered accounts for the regular budget of the Union.

The report of the external auditor is submitted to the session of the council in C16\_40 for the consolidated accounts of the Union, And C16\_41 for that of IT Telecom World 2015.

Leading elements to be mentioned 2015 is the activity programme of the Union, which includes a number of meetings and conferences in the World Radiocommunications Conference and the radiocommunications conference that took place in Geneva in 2015. We also have IT Telecom World in 2015 in Budapest, and also in Gabon undertaken by the study groups. The plenipotentiary conference in 2015, as well as the fixed financial elements, have led ITU to take measures to improve efficiency and reduce costs in order to implement the activity report of the ITU for the budget to keep it in good shape.

These were made possible thanks to a strict management of resources. The main indicators for 2015 are the following: The regular budget of the ITU had a total of 158.1 million Swiss francs, actual expenditure were 157.1 million Swiss francs. The implementation of the budget resulted in an operating surplus of around one million in 2014, which were paid into the reserve account. The reserve account of 27.5 million, which corresponds to around 16 about the 8%, which is largely under the 6% of the PP 2015 resolution 1359 adopted by the counsel at its 2013 session provided for withdrawal of 4 million Swiss francs to balance the budget.

We didn't have to go down this route because the financial excesses had finished. The liquidity of the ITU was satisfactory throughout the year. About 96% of assessed contributions invoiced for the year 2015 were actually received by the 31st of December 2015. One of the major events of 2015 was the introduction by the banks of the negative interest on liquidity Swiss francs and Euros. The ITU management put in place a policy of diversification and was able to have the total funds without negative interest. In 2014 a health insurance fund was created to ensure the financing of the health insurance scheme on a pay as you go basis. In 2015 and after the final results of this health insurance fund, the ITU was able to pay 2.1 million Swiss francs to the health insurance fund, which meant that this fund stood at 8 million Swiss francs in 2015.

Followed by the Council Working Group on financial human resources, the contribution made by Japan at the council in 2015, ITU has introduced in 2015 the key indicators, which is a useful tool to understand the evolution of the financial situation of the organisation. With the implementation of the IPSIS accounting, you will find the different elements in annex C to the document, as well as the other indicators show that the financial situation of the union is healthy, despite in 2015, 0.9% at 6 million and the total expenses for these projects were 7.58 million of 2015.

Annex E presents a list of actual budgetary responses. IT telecom 2015 registered of 255 million, sent to the event fund. This represents 9.2 million Swiss francs and annex D of this document shows the list of debtors for these telecom events. And the note accompanying the financial statements gives relevant information on the financial aspects of 2015 as already been indicated by the financial state was based on accrual accounting at the beginning of each stage and the contributions are confirmed. These are accounted where the goods and services are given. The General Secretariat has evaluated the impact of this potential reduction of contributions, which might bring a financial and economic crisis and analyze the question of whether this will bring about a reduction of activities of the union.

Taking into account the projected activities and the associated risks, I can confirm that the union has adequate resources for the medium term, therefore, will shore up the union's financial statements on the basis of the ongoing concern principle.

The Court is asked to take note of this financial report and to approve the draft resolution found in annex A. Thank you very much, Mr. Chair.

>> CHAIR: Thank you, Mr. Barr. We're also going to hear the report by the external auditor. After that we will open the floor for discussion.

I would like to invite the team of external auditors to introduce document C16\_40, the report by the external auditor. You have the floor.

>> Thank you, Mr. President, distinguished counselors, ladies and gentlemen. I am president of Italian (?). I am very pleased to have the opportunity to present the auditor certificate and report on the financial statements of the 31st of December 2015 on the telecommunication union. The audit disclosed in the financial statements, the verification of the accounting of policies adopted, we have specified in audit opinion in which the International Telecommunication Union the financial statements for 2015 present the financial position of the organisation as December 31, 2015, as well as for the year ended, the financial performance, the change, the cash flows, and the comparison of budget and actual amounts in accordance with the IPSAS and the financial regulations and the financial rules of ITU.

In the audit certificate, however, we have introduces an emphasis of matter concerning the fact that the statement of financial position shows a negative mainly due to the impact of the abilities relating to the long term employee benefits, insurance benefit scheme. Our analysis included in our report, measures are being undertaken by management which assured us that they will be monitored effectiveness of these measures.

The external auditor report, according to the financial regulation and financial rules of the organisation, provides key information of the financial statements and the results of the audit we carry out on the activities performed by management.

According to our terms of reference, we have also carried out the audit of the accounts of the international telecommunication union of Telecom World in 2015, and the result of the activities in a report.

Finally, we have verified the accounts at the end of 2015 of the project financed by the United Nations development programme and managed by the International Telecommunication Union.

My colleagues and I are pleased to answer your question on the audit activities, if any. Before concluding, I would like to thank sincerely the International Telecommunication Union management and the staff of their kind and professional cooperation in providing us with information and the recommendation we needed to perform our data issue our opinion in the report.

I thank you very much for your attention. I leave the floor to my colleague.

>> Thank you very much, Mr. President and distinguished counselor. As mentioned by the president, in our capacity of external auditor have also issued a long form report which underlines the main data and provides scheme information on the financial statement as it relates to the results of the audit initiative that we carried out on issues concerning some activities performed by the management.

In this regard, the report also includes coding to our audit suggestions and recommendation addressed to the management, linked with the issues we have consider important to underscore.

Example of these issues are: The representation policy, as set management and related procedures of write‑offs of lost or stolen items, the personnel for reach regulatory framework of user of the consultants is currently in progress, and human resources strategic plan in 2015 is under review. Also note to take into consideration the retirement expected in the near future.

Insurance liabilities, issues of importance also stressed in our audit certificate the emphasis of matter. It's significant impact on the net of the ITU financial position. We integrate our audit team, the assumption chosen by the management as it would lessen the amounts. The issues in our report, we are pleased to inform you that our suggestion and recommendation have been taken into consideration by the Secretary General. This is a positive result of the work relationships we start between the staff and our audit team.

In the common interest to improve both the quality and the result of our audit activities, as it relates to the management of the resources of the organisation.

Thank you for your attention. We are waiting for your questions. Thank you very much.

>> CHAIR: Thank you very much. I would like to invite anyone who wishes to take the floor on this document ‑‑ these documents, C16\_42 and 40 to do so now. Japan, please.

>> Japan: I'd like to thank to the secretariat and the external auditor for preparing report, and I also like to express my appreciation to the secretariat effort for including financial indicators in this report. We believe that these indicators are useful tool to promote better understanding with ITU's financial situation.

Thank you, secretariat. Thank you, chairman.

>> CHAIR: Thank you, Japan.

I give the floor to the United Arab Emirates.

>> United Arab Emirates: Thank you very much, Mr. Chair. I would like to extend my thanks to the external auditor for the recommendations. Mr. Chair, with regards to the 5th recommendation, the secretariat will provide information to the council and the region potentially presence. We should also like take resolution 5 for the IPSAS standards.

This report on financial management should include information linked to the regional presence and the resources allocated to each regional office. We support recommendation and we would ask ITU to take this recommendation in developing future reports to the council.

Other comments with regards to the recommendation, could we ask the secretariat which developing these recommendations to studies or, perhaps, to determine the expected time frame of the implementation of these recommendations. In my view, the external auditors had difficulty when looking at the time frame. And I think, perhaps, the secretariat is the most appropriate place to determine the time frame from the implementation of the recommendations and the submission of the reports which are for the council. Thank you.

>> CHAIR: I thank the UAE. I would like to invite Mr. Barr to respond to the questions.

>> Mr. Barr: Thank you very much, Mr. Chair. I would also like to thank Japan for their contribution in 2015 session, which allowed us to include the indicators which appear for the first time.

With regards to the question from the honorable delegate from the UAE, as you have noted, on the document 40 rev 1, their recommendation to come back to recommendation 5, it is seen that we are going take note of the information on establishing the financial state for 2016, which will be presented to the council in 2017. Furthermore, at the end of the external auditor report, you can see there is an annex there on the follow‑up of the recommendations as well as suggestion therein. If a recommendation is closed, the auditor recommend the closure of this, or if there is progress to be made with regard to a formal recommendation. Likewise, the Council Working Group on financial issues and human resources will look at the monitoring of the recommendations of the external auditor.

From the IMAC report, there is a follow‑up which is included in each of the updated to the Council Working Group's report.

40, for financial reasons, cannot implement this immediately, but the direction of ITU is to implement these recommendations and these suggestions. Thank you very much, Mr. Chair.

>> CHAIR: Thank you. Mr. Zhau, you have the floor.

>> Secretary General: Thank you, Mr. Chairman. Dear colleagues, I'm very pleased with the report given to us by our external auditor. Have you already heard of this report? And viewing your reactions, I see you share the same feeling with me, I guess, that we are quite happy with the work performed by our external audit. I'd like to take this opportunity to express, on behalf of ITU management, our sincere appreciation to our external audit for their wonderful work. Of course, in their report, they have some ‑‑ they have made some proposals, which means there is someplace for us to improve. In doing our work, we discuss with them their proposals and recommendations. Then we express our opinions and they give us a further feedback. This kind of interactive dialogue between the management and external auditor to address those issues they discovered, they made to our attention, is quite useful to us to improve our management.

We really appreciate the very constructive and positive contribution to the ITU's work.

I also noted that over a few years we audited very qualified work. We note they are not only take care of the duties as external auditors to carry out their duties to audit our performance, but also they cooperate with the other agencies, like our council and also with IMAC, and with CIU so that whenever they had to request to offer their professional advice or feedback, they always try their best to help us. I really appreciate their very constructive work to work with all relative bodies within the ITU family.

I would like to express his excellency of Italy. He has been with us this morning. He has also gives us a tremendous support to encourage external auditor to provide the good service to ITU.

Ladies and gentlemen, I think that with my limited contact with them, I would like to show you something here. This is not what normally I give to the others. This is what I received yesterday from our chairman of external auditor. And they also appreciate very much their cooperation with the ITU family. They would like to give this as a token of appreciation to work with ITU. I would like to share this good feeling from the external auditor's team and with our counselors that we are indeed in very good mode of cooperation. Ladies and gentlemen, this is what I would like to intervene at this moment.

Once again, my sincere thanks and appreciation to the team of external auditors. Thank you.

>> CHAIR: Thank you, Mr. Zhau. I think we would all be very pleased to support the intervention of the Secretary General and thank the external auditors for the excellent work. We take note of this document and we're also invited to approve Annex 2 of document 42. It is approved.

The next agenda item is document C16\_41. The external audit of the union's accounts and ITU Telecom World 2015. I give the floor to our colleagues, the auditors again. You have the floor.

>> Auditor: I will be ‑‑ I will present to you a brief report on the Telecom World event 2015. This event was held in Budapest. The financial data show a positive result between revenue and expenditure of 255,000 of Swiss francs, higher than the budget forecast.

Our report presents ten suggestions and recommendations. The suggestion, for example, sponsorship and admission fees for meeting forecast, the planning of the promotion of 2016 event, the tools put in place in order to collect information useful for key performance indicators. The two recommendations deal with the barter agreements and the exchange rate to take into consideration in case of the service delivered by third parties at different times. This is a synthesis of our audit report. We wait for your question, if any. Thank you very much for your attention.

>> CHAIR: Thank you very much, colleagues. I would like to invite anyone who takes ‑‑ who wishes to take the floor on this document to do so now.

I don't see any requests for the floor. Therefore, I would propose the ADM committee take note of document 41. The document is noted.

Owe the next document for our consideration is document C16\_22 and addendum 1 to this document, the fifth annual report of the independent management advisory committee IMAC. I give the floor to Miss Dagen to introduce the document.

>> Miss DageN: I would like to thank the working group and the HR, as well as the headquarter, ITU officials, of course the secretariat, and the external auditor and JIU for this great support we have experienced in the last year and the positive attitude towards IMAC.

I would kindly like to invite counsel to approve our report and the recommendation which I would present in the upcoming minutes. Before getting into our report and into our recommendations, I would kindly like to draw your attention to two IMAC members that have joined and had their first session in February and May. One from Canada and one from India. They have been replacing the representative from United States who left IMAC end of last year. Please have me also welcome them officially to IMAC and I'm very glad we have two very experienced new members on the team.

First of all, let me give you a quick wrap‑up of our last year. As usual, we've been covering the areas around internal controls, financial management, risk management, external auditor, where we have developed a very strong and close collaboration with external auditor, the headquarter counsel working group, as well as the interaction with JAU and looking at monitoring and evaluation.

I would also like to draw your attention to Number 2.2 of our document. During the plenipotentiary conference in Busan in 2014 there was a mandate to advise counsel on actions taken by ITU management in response to the audit recommendations. We think this is actually a core thing for responsibility. We would like to continue to discharge this aspect of our role and we invite council to adopt IMAC's recommendation to proceed in this way.

Let me go into our major areas which fall into our mandate. Let me please start with financial management. Mr. Barr already explained quite a bit about the financial report and you already listened to the external auditor and the recommendations. Overall, we have five recommendations which all pretty much aligned what you heard from the previous two presentations. So we would like to draw your attention on Number 1, the financial key indicators, which have been originally in the entire financial report. We already had up front a discussion with Mr. Barr in representing the financial management of ITU to use this in the forward, because in normal terms which would not be part of financial report, but there is a recommendation which has already been taken up by ITU.

Recommendation Number 2 is something we already discussed with ITU and found a very good way to deal with this. It is state of the art that the management has the certification of the year on December 2015 in this case, but in general as part of the management report. And we are recommending ITU to have this on a regular basis and to include this as part of best practice.

Recommendation Number 3 is related to the Swiss bond interest rate versus the currently applied corp interest rate. We recommend to have an in‑depth discussion with the actuaries to make sure the liabilities and the potential impact are addressed are addressed correspondingly.

Recommendation 4 is closely related to recommendation 3, the liabilities. We would recommend the ITU management to follow the discussions of the United Nations working group on the ASHI issues and establish a plan for funding these liabilities for the future as we think this is essential for ITUs and the balance sheet. We know that ITU, of course, has limited ways of dealing with ASHI, but would also like to raise the awareness of the council that this is really an important and it's very important to follow up what the United Nations is doing in their working group and is going to do in 2018.

Recommendation Number 5 is, again, drawing the attention a little bit to the format of the financial report. We appreciate and acknowledge very much that financial management was very dedicated to make clear what kind of changes are related to the IPSAS transitions. Since the IPSAS transition is in place for a couple of years, we recommend ITU to, I would say it in very simple words, to streamline the report a little bit since those IPSAS transition disclosures are you no longer required because of the lapse of the time in between.

Next point we have looked at closely, as always, is risk management. So overall, we appreciate and acknowledge the progress which has been made over the last couple of years, I must say, in risk management. A couple of things to summarize the four recommendations: We recommend to consolidate the risk registers to get a holistic and aggregated views at the risk on what we would say corporate level. And why is that important? Of course ITU already has very dedicated and detailed risk registers for the individual units. Nevertheless, the holistic view is still missing, which is, so to speak, the next area of improvement for ITU, which will allow management to get a much better aggregated view on the overall risk exposure and also being able to identify potential positive as well as negative correlation between those risks.

As a second recommendation, we wanted to recommend that the controls, which are or have to be in place to mitigate those risks, are documented, basically, for the purpose to make sure that there are no gaps in the internal control system.

Thirdly, we recommend as part of best practice that within the risk management system individual risk owners are dedicated to the risks. Right now, the majority of risk owners are rather departments. Of course, this is a first very good step and we acknowledge and appreciate that. We recommend consistently through the organisation that if the risk is identified, an individual risk owner, who has also the ability and potential to manage that risk is named in person.

Recommendation Number 4 for risk management is that we would like to give initial consideration to the preparation of risk management policy and risk statement. And I would like to draw your attention to especially the last aspect of risk appetite statement. A risk appetite statement becomes more and nor important in today's, what I would call, volatile world. Of course, the secretariat is very well aware of that. They are changing dynamics in the international telecommunication world. ITU has to deal with a number of what we would call risk, whether it's around compliance or ethics, but also on the financial side. This is when we draw attention to ASHI, to liabilities, to interest rates. And, therefore, it is very important to have a good understanding what is really the risk appetite of ITU to share that with the council, and also to make sure that ITU is aware of, so to speak, the risk capacity, especially on the financial side.

So we would recommend overall to further improve the risk management system which we appreciate as it is today already very much, also the work which has been put into it and we see the very good traction to move this forward and basically really to include it in the day to day activities of ITU.

Chapter 3 of our report is on external audit. You've already been listening to the external auditor as well as to Mr. Barr and this Secretary General referring to the external auditor's report. Therefore, I would like to draw also your attention to our addendum 1 to external audit, which is document C16\_22/N. First of all, we would ‑‑ I'm not going to repeat what you've already been hearing, but let me just summarize it. In general, IMAC considers that the implementation by management of the external auditor's recommendations and suggestions would be beneficial to improve financial management and control in ITU. And we as a committee will continuously monitor the management's response to the audit recommendations in our future meetings.

So, therefore, we are pretty much in alignment with what the external auditor has said, and we will definitely keep it in our radar screen. I would also like to thank now also on behalf of the entire committee the external auditor for this ongoing, very constructive discussion with us, as the independent committee to also work together on improving ITU's internal control system as well as the financial management.

Next area we have been looking at is internal audit. We have more than two pages on it. But we think it's very important because internal audit is part of is part of the three lines of defense, as you would call it, at ITU. This is definitely one of our core focus areas in there. We definitely take note, of course, the progress of the internal audit activities and we have the results in 2015/2016 audit reports. We also noted by doing this that the provision of time and resources for the coordination of the work between the external auditor and the internal auditor was unused in 2015. We believe, and we also recommend, that internal audit has very close collaboration, together with external audit, and ideally has a more formalized relationship with the external auditors.

What we would also ‑‑ what we have also noted in our review is that it would be helpful to monitor the internal audit focus, but getting better explanations of variances between the actual and the budgeted time for audits and other activities.

We also recognized that a number of recommendations are already very long in progress and implementation is pending. Of course, as we always know, the day to day business, there might be very good reason why some of those implementations haven't taken place yet. Nevertheless, where management responses to audit recommendations remains slow, we would like to consider there is a need for stronger accountability mechanism for Secretary General to facilitate those implementations. By looking at the audit reports, and of course, the different budgeted times and the gaps in there, evidence there is a clear linkage between the selection of management and the audit topics for the coming year. Let me also please explain in a couple of sentences why we think this is very important for ITU. State of the art internal audit is based upon key risk assessment for ITU, which means ITU management can then look alternate those areas, which, of course, have the highest potential risk to ITU. Therefore, internal audit can also then most likely make the best decision on where to spend time and budget on.

So this is why we have put up an explicit recommendation for that. And recommendation 11 is also clearly linked to this that we recommend the appropriate use and vigorous management of the internal audit resources so that the direct audit work is maximized. This is also a little bit linked to some of the audits we have been looking at where the question of materiality can be discussed. Then we are fully aware of that there are sometimes different perspectives on why an audit needs to be carried out. For example, the audit on the paper consumption is definitely something where the materiality question, as well as the question, is this a high risk area for an internal audit can be asked?

The other question is, for example, then linked to the internal audit on report ‑‑ on the software licenses. We think it is a very important audit to be done, especially in today's time, where cyber fraud, viruses, etc., etc., become more and more prominent. The same kind of focus could be drawn to the internal audits of the regional offices. And I listened with great interest to the previous discussion on the regional presence. We as IMAC, we he acknowledge very much work of the regional offices and the huge support of those offices for ITU and the development of ITU. Nevertheless, or to put it differently, therefore, we think it's of utmost importance to have a very clear oversight over those regional offices. We have seen, for example, consistently budget overruns in those regional offices. There might be, again, very good reasons for that. Nevertheless, the majority of the costs is driven by employee costs, which means they're usually quite well predictability. Therefore, if there are constant budget overruns, we recommend to take a closer look in this way. Again, there might be very good reasons, but to have a very good monitoring process. I think that was also mentioned in the previous discussions. They were a little bit like your outside satellites. They are representing ITU. Therefore, we think as IMAC it's absolutely important that those regional offices operate as best practice and also really deliver on promise.

As already mentioned, recommendation 12 refers to the collaboration between the external and the internal auditor. We recommend that that relationship interaction and exchange of information is formalized. We recognize their risk interaction between these two departments, but we would definitely encourage and recommend to formalize this even more.

Next aspect we addressed and discussed and looked at was the counsel working group on the headquarter premises. And I would also like to thank the chair of the council working group for the headquarter for his willingness and also the time he spent with IMAC together to involve us in the process and to give us regular updates. And we appreciate, of course, that our 2014 recommendation IMAC made to again potentially take again a look at the potential structure and financing options for the headquarter, that this has been taken up and you, obviously, over the last couple of days had some very good discussions around that

Let me appreciate also on behalf of my colleagues the great work the Council Working Group on the headquarters did. In our view, this report presents a thorough impartial comparison of the different options. We would like to encourage ITU to follow up on the recommendations of the headquarters, which you have already been doing. Nevertheless, since this is a very important exercise for ITU, and one part of it, depending on how the final decision will look like, has to deal with the sale of the tower building, and then a very professional project management of a substantial capital investment. We recommend that ITU considers the benefits of seeking support from the independent professional expert in the process of assessing the market value and negotiating the sale of the ITU tower.

It's always better to have someone in the room negotiating these deals who is not personally affected; therefore, we would strongly recommend to seek that independent support.

We would also recommend getting dedicated internal and external project and risk management expertise for the undertaking of the entire project of getting the new headquarter premises.

I'm almost at the end of our report, just two remaining parts. The JAU review of management and administration: In the committee's view, the JAU revenue is a comprehensive and constructive report that touches a wide range of areas which are important for ITU. And IMAC would support the council in supporting the JAU recommendations.

Our formalized recommendation Number 14 to JAU is respectively the report is subject to council's consideration, IMAC recommends that the ITU secretariat present a plan of action for the implementation of the JAU recommendations with a clear time scales proceeded.

Last, but not least, we also looked at the internal monitoring and evaluation function. We welcome and appreciate the work which has been already doing that. In our perspective, any development of an evaluation function will need, of course, a resource management with appropriate timelines and structured project planning, as well as specialized resources and expertise.

Let me close it with that, IMAC welcomes the interest of ITU to develop an evaluation function and we just want to make ‑‑ we just want to express that it's very important that the right resources are dedicated with that task. We have a little bit of concern if it's dedicated to internal audit that we'll come back with you in a year saying internal audit is not necessarily doing the internal audit work but keeping busy with other aspects. We would like to raise a little bit of sensitivity for the topic who should be doing in the end the internal evaluation.

Chair, ladies and gentlemen, council members, let me thank you very much for your attention. Chair, I would like to hand it back to you. Thank you.

>> CHAIR: Thank you, Miss Dagan. I would like to open the floor to anyone wishing to speak to this report.

I recognize Kenya.

>> Kenya: Thank you very much, Mr. Chairman. I certainly want to thank Madam Dagan for the detailed presentation. From this delegation we do support the recommendations made on the full implementation of the same by the secretariat.

Madam, in some other capacity worked with Madam Dagan and I do attest to her diligence, thoroughness and attention to detail, as exemplified in this very report.

Chairman, I wanted to take an issue that appears at paragraph 8. Maybe I'll go slowly so that the secretariat is with me on this. Paragraph ‑‑ page 8 of the report, particularly paragraphs 3.27, page 8, paragraph 3.27. If I may just quote briefly, I reviewed the audit of the African regional and area offices and commented on the security issues. IMAC noted the conclusion of the report is very negative; however, the recommendation is classified as high and not critical. In particular, IMAC noted the constant budget overruns in the regions, commenting that management information provided on this is not sufficient.

Chairman, while the report does acknowledge the audit comment on that particular situation, in particular, management's response on those issues, I do not see in IMAC's recommendation to see what the attitude of IMAC was on that particular issue, especially in terms of specific recommendation. On that matter, that can then ensure tracking and follow‑up of that particular issue.

So the question that we would pause is this: Whether there is a reason for that or if the management response was maybe subsequently found to be adequate so that there is no need to take up or follow up that particular issue. We would appreciate comment from the secretariat in terms of what is the status currently.

Thank you.

>> CHAIR: Thank you, Kenya. I give the floor to Japan.

>> Japan: Thank you, chairman. I'd like to express my appreciation to chairperson and member of IMAC and who are preparing recommendation. I believe that implementation of each recommendation would contribute to the improvement of the work and effectiveness of ITU management.

In this point of view, as the chairperson of IMAC has mentioned, I'd like to ask the secretariat to consider to set the timeline for implementation to each recommendations, taking account of the resource of the secretariat, based on the proposal from Japan in council 15. Thank you, chairman.

>> CHAIR: Thank you, Japan. I would like to ask the representative of IMAC to respond to the questions we've just heard.

>> Thank you, chair. Thank you, Kenya, for again drawing attention to definitely an important topic. And I hope I got your question right, which was on the one hand side towards IMAC and then also to the secretariat to point out what could be the right measures to deal with this. Let me potentially start with the second part of it on the budget overruns. And this is something that IMAC can definitely provide advice on how it could be done or would be best practice for that. So budget overruns are definitely not an unusual thing in the world. It's happening. But what we find over the last couple of years is that those budget runs are happening on a very consecutive basis, given that the budget of ITU, as you all know, is a quite tight one. We think it would be good if there is very clear governance coming from the headquarter, not in the end putting a too strong fence around the regional offices and limiting in their day to day what they're doing there, to get much more transparency on the budget spent and the needs and, of course, a clear explanation for potential budget overruns, or at least to get over time much closer to plan and to the situation, that this comes much closer together.

So this was probably would follow some similar probably a little bit simpler way of how ITU is normally running the budgetary process and the monitoring process. Since there was an audit, we, of course, would have expected to get much more clarity around why are those budget overruns documented, but no explanation behind that. And this is now a personal view. We didn't discuss it at IMAC, but my personal view, it's most likely not that complicated and it's not going to cause a huge amount of administration, which we most likely quite a bit of workload and probably overburden an organisation by getting a precisely more precise budget and making sure you explained those overruns and to get clarity potentially if the budget is too low.

As mentioned in the report, it's mainly FTE costs, personnel. Whatever is causing the overrun needs to be understood and needs to be clear. This is something the regional office requires on a constant basis, because this is happening year by year, always the same factor or not.

In regard to your first point, especially which was around the security issues, I think. Of course, it's very difficult for IMAC to get into that very detailed level of operations. And potentially the secretariat, respectively the ITU management, is much better to respond on that with how you currently are dealing with the security topic and how are you going to manage this, because as far as I'm aware of BDT is taking care of those issues and also taking it serious.

Nevertheless, still if something is classified as, so to speak, a high risk in security aspect, in our understanding from a risk perspective this should then be automatically also critical. But that's probably a little bit the position we are having on this, because we, of course, are looking at risk from a very strong perspective.

Thank you. Then referring to the question or the recommendations from Japan, which I would quickly like to comment on having timelines put to this and then, of course, again, refer it back to the secretariat to respond to that question, if I understand it correctly, Japan, you would like the secretariat to put timelines to the individual recommendations. And I think it's always good to have a timeline for recommendation, but I also understand that the secretariat might have a specific position on how this could object put into action.

Thank you.

>> CHAIR: Thank you, Miss Dagan. I give the floor ‑‑ oh, before we continue, I would like to ask the interpreters to give us a further ten minutes to complete the discussion.

>> Yes, of course, chairman.

>> CHAIR: I give the floor to Nigeria.

>> Nigeria: Thank you, Mr. Chairman. We would like to thank the external auditor and IMAC for their valuable work over the years, and particularly during the 2015. Mr. Chairman, Nigeria would like to put some questions forward to IMAC. From your close collaboration with the ITU, we would like to seek your views on the outlook of the union's financial position during the coming years, bearing in mind the continuous cost reduction demanded by membership and the need for additional revenue generation, which the membership is requesting the secretariat to do.

As an independent management advisory body of this particular union, we would like to imagine that you must have taken a closer look into this scenario in order to be able to advise on some possible cause of action with regards to these two areas of concern to the membership and ITU in general.

The views of the IMAC group will contribute to some of our future deliberations on relevant subjects during this council session. As you are aware, we still have some two pending issues to with respect to revenue generation, through cost recovery, and also we still have issue with MOU with donor foundation. So maybe your view in this particular area will guide council in its deliberation.

Thank you.

>> CHAIR: Thank you, Nigeria. I give the floor to the United Arab Emirates.

>> United Arab Emirates: Thank you, chairman. I was going to talk about recommendation 13. Before that, I would like to support the proposal presented by the delegation before me, namely, that the Council Working Group, the IMAC should look at this question. With regards to recommendation 13 from IMAC, which is asking ITU to look at seeking support from an independent professional expert in the process of assessing the market value and negotiating the sale of the ITU tower, with regards to this recommendation, we are in agreement with what the honorable delegate from Japan said on this, to define a deadline to carry out such a recommendation and that the chair should work with IMAC and see where the ‑‑ whether is there any further expenditure with regards to the carrying out of this recommendation.

Thank you very much, Mr. Chairman.

>> CHAIR: I thank the United Arab Emirates.

The deputy Secretary General would also like to say a few words. Mr. Johnson, you have the floor.

>> Mr. Johnson: Thank you very much, Mr. Chairman.

So of course management appreciates very much the recommendations of the IMAC and we work very closely with IMAC on follow‑up actions. We would appreciate the chance to meet with IMAC to discuss some of the issues in their report prior to its finalization. That would give us a chance to, perhaps, explain one or two of the points that are being made.

For example, the fact that internal audit did a survey on the use of paper was found to be very useful. It's not just the cost of the paper, but the environmental impact and efficiency with regards to the use of paper. Of course, we had a clear instruction from the plenipotentiary with regard to that.

Regarding the comments on IT security, we have done a lot of work, of course, on improving IT security. We would be very happy to give IMAC a presentation on just what we've done with regard to that.

Regarding the internal audit recommendation on regional presence, we considered this to be extremely important issue, of course. And the reason that it was put at high priority and not critical was because of the fact that the BDT is actually addressing these recommendations now.

With regard to security, we'll b discussing that more generally later on the agenda this afternoon. Mr. Barr can provide some more information on the budget.

With regard to timelines, as we stated at council 2015, the secretariat will work with IMAC to prioritize their recommendations and to identify appropriate timeline for their implementation.

On recommendations 13 and 14, we're committed to the recommendations of the Council Working Group on headquarters, which I believe have been endorsed by the council. Of course, we'll liaise with IMAC on the implementation of this very important issue. So with those comments, Mr. Chairman, I pass the floor back. Thank you.

>> CHAIR: Thank you, Mr. Johnson. Taking into account the comments of IMAC and the secretariat, I would propose that we approve document C16\_22 and the addendum thereto. I give the floor to Nigeria.

>> Nigeria: Thank you, Mr. Chairman.

I believe before you conclude on this issue, you should allow IMAC to respond to some of my questions. Thank you.

>> CHAIR: I give the floor to India.

>> India: Thank you, chairman. India notes with appreciation the IMAC report and the deliberations on the subject. We also are in agreement with the previous speakers who specifically mentioned there is a need for strengthening process and financial position. Results of the mandate on financial position of ITU, council's mandate for mechanism to strengthen our resources, India supports resources for services on a cost basis. We also should look for new sources of revenue so that we also take up development projects for the developing countries. Thank you.

>> CHAIR: Thank you, India, and thank you Nigeria as well. I would like to invite the representative from IMAC to provide some clarifications.

>> Thank you, chair. First of all, thank you, Nigeria, also for the trust in the IMAC's advice on such an important question for ITU.

What I can reassure you with this is definitely a topic we touch in our discussion and especially in the discussions with the secretariat about the importance to ensure the sustainability in the end of ITU.

But to be candidly speaking and straight forward, to come up right now with a distinct view of how that could look like would be a little bit difficult for me. So I kindly ask for your understanding that right now I don't feel in the right position to come up, let's say, this is how the future for ITU could look like. But what we definitely do on a regular basis is in our discussions with ITU management and the secretariat also to encourage ITU to ‑‑ what's the best word to say what should the future purpose of ITU look like? Because as you correctly mentioned, the world is changing. Cost pressure is there, but also the need potentially for different kind of services is about to emerge.

So what I will definitely, definitely do is I will take your ask back to my committee, to my colleagues, and take it up in our next meeting together and I kindly invite ITU management to participate in that discussion to share thinking perspective on this to see whether ITU can get some valued insights from IMAC, but make sure we can manage expectations what we can deliver on that. I can reassure you we'll do our very best to support ITU and anything what ITU needs to do to come up with what I would call fit for purpose, a future oriented business model. Thank you very much for bringing up that very important topic.

>> CHAIR: Thank you, Miss Dagan. I would also like to give the floor to Nigeria to the representative from the secretariat, Mr. Barr. You have the floor, sir.

>> Mr. Barr: Thank you very much, Mr. Chairman. There were questions on budgetary overruns. IT has a budgetary structure which is decentralized, as you can see in document 16, C16 in table 5, you will see a budgetary comparison. You can see the development sector of the ITU finished with an excellent state. So there was no budgetary overrun if we look at the budgetary structure of BDT as a whole. It is true that in some sectors, in some regional offices there was a budget centralization, but there was some spending which have been registered without taking into account of the budget or the budgetary transfer at the end of each biannual.

In the future, before the end of each budgetary process will move to work with each regional offices to look at the budgets which each office has and take this into account. If you can see as a whole, through table 5 there are budgetary overruns here. As you can see, the budgetary centralized some things have been reflected, but the secretariat is committed in the future to look at this budget reconciliation so that you can see more clearly the budgetary line, as well as the expenditure to date.

With regards to the intervention made by Japan, and by the UAE, I will send this report to the Council Working Group in paragraph 7 and 7.3 and 7.4 to show that the implementation of recommendations of IMAC has seen the importance that the definition of a time frame is sent to the secretariat with whom it has a partnership relationship. So it is up to the secretariat to evaluate to determine the financial resources to determine these recommendations. This is taken into consideration through the counsel working group on financial and human resources.

I'd ask you to look at paragraph 7.3 and paragraph 7.4 of that report. Thank you very much, Mr. Chairman.

>> CHAIR: Thank you, Mr. Barr. Taking into account the comments of the representative of IMAC and the representative of the secretariat, I would propose that we approve document C16\_22 and addendum document 1. The document is approved.

The Secretary General would also like to add a few words. You have the floor, sir.

>> Secretary General: Thank you very much, Mr. Chairman. I would like to add my appreciation to IMAC for the very important and constructive work offered to us. I'm very appreciative to see the new members from India, from Canada, that very professional. From very beginning I thought very important members left us and some new members we might have delay of transition period. But I'm very pleased the two experts quickly integrated into the team and make a very good work to help us. That is something I'd like to present.

Also, the chairman, this is another proof of ITU's gender issues. We have this important IMAC group by our chairman, I see this also something commended.

We do need the work of IMAC. We find a lot of areas and issues to improve and to be discussed. We appreciate very much representing IMAC and ITU management. We appreciate their cooperative spirit to work with. Like external articles, like JAU, and council, I see there is something that we should recognize that ITU management may not be able to answer all the questions in a timely manner for some reasons. Anyhow, I see the work we received from them and then our answer to those questions progressed. The way to go forward, all this in my opinion very good atmosphere to have everything be addressed without leaving anything behind.

For this ITU regional office, I see we heard this morning a lot from external auditor, from IMAC, and from our members. As deputy Secretary General just mentioned, he's working on this issue and he take care of those comments from internal auditor, from our members, from external auditor, from IMAC. He will present his result to ITU management for further discussion. I would like to assure you that we will pay high attention to all those points that you raise during this council meeting. We will be able to see some kind of concrete proposal and we will try our best to come back with some kind of improvement. And I hope this kind of effort we bring ITU to strengthen our presence in the regions.

Mr. Chairman, I don't think I should take too much of your time. It's already quite late. Once more, again, thank you very much IMAC.

(Applause)

>> CHAIR: I would like to thank the interpreters for allowing us to finish our discussion on this item. We now have our lunch break. We will meet again at half past 2:00.

(Adjourned)