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INTERNATIONAL TELECOMMUNICATION UNION

FIFTH MEETING OF SC ON ADMINISTRATION AND MANAGEMENT

22 MAY, 2015

9:30

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>> CHAIR: I hope you enjoyed your weekend. I welcome you to the 5th meeting of the Standard Committee on Admin.

Today our Agenda is in Resolution 7, document C17/DT/3.

This is ‑‑ since this is the first meeting of this ‑‑ for this week, can we check the interpretation, please?

(Interpretation check).

Thank you for that.

I'm going to thank the interpreters and captioners before we end the session. I wanted to say thank you for last Friday for giving us more time. I'm sorry I did not thank you. I really appreciate it. Thank you so much.

If we could get started with our Agenda this morning, we're starting with, again, Resolution 7DT3. Agenda item 22.

It is financial operating report for the financial year 2016 document C17/42.

I would like to turn the presentation over to you.

You have the floor, thank you.

>> Thank you, Madam Chair. Ladies and gentlemen, Distinguished Delegates, on behalf of the Secretary‑General I have the pleasure to present 17/42 with the financial report for 2016. Pursuant to Article 30 of the financial regulations of the Union, the financial statements consist of the financial statement prepared in accordance with rules and if we have all of the contributions from Telecom World 2016, the ITU staff evaluation and the various accounts for the budget of 2016.

The external auto tore report is also presented to this session or council under C17/40, consolidated accounts and C17/41 for ITU Telecom World 2016. The program in 2016 covered a number of conferences and meetings. The world Telecommunication Standardization Assembly as well as ITU world 2016 in Bangkok and we conditioned our coordinated improvements as asked in decision 5 of the plenipotentiary 2016 and you will find details in C17/45.

The implementation of the activities was made possible thanks to vigorous management of ITU resources following Recommendation of IMAC, the presentation of financial operating report. It has been somewhat modified in order to improve the visibility and to make it more transparent. What the financial situation actually is. The principle indicators of information for 2016 are as follows, implementation of the 2016 budget results in a surplus of 5.2 million Swiss Francs is in accordance to the financial rules paragraph 10 and 12, the Secretary‑General authorized the allocation of the budgetary surplus for future work and that's in paragraph 17 of the report.

Also the reserves of 27.1 million Swiss Franc representing 16.8% of the 2016 budget.

The Resolution adopted at the council session of 2015 provides for a withdrawal of 2.45 million Swiss Francs for biennium 2016/2017 for the organization of WTDC2017. Thanks to the it economies made, the allocation from the reserve fund was not necessary. The overall state of the ITU finances remains satisfactory. About 96% of contributions invoiced for the year 2016 were actually received by the 31st of December of 2016. With regard to the regular budget in terms of the revenue, actual costs of income of 157.7, actual expenditure, 152.4 million as ‑‑ as the recovery costs of the satellite networks modifications and the revenue from publications are significantly increased. The financial ‑‑ the immediate financial situation of the Union is healthy despite a tight budget and other receivables which have decreased in the consecutive years amounting to 46.7 million Swiss Francs by the end of 2017 which represents a decrease of 9%.

The close cooperation is among administrations which give us their timely support. As of the 31st of December, 2016 the overall financial situation of the.

Union is here. The actual costs of services amounted to .92%, in 2016 compared and that's decreased in assets of the Union from 343 million Swiss Francs in 2015 against 419 million in 2016. This will be the actual liabilities found in C17/46.

In 2016 after the final result of the CMIP the ITU was in a position to pay 4.5 million Swiss Francs for the health insurance funds which were in December of 2016, 12.1 Swiss Francs.

In terms of special funds and special allocations for projects the overall figure is 8.1 million. The project amounted to 847,093 francs. The ITU Telecom World 2016 presented a result of 927,000 Swiss Franc and this result was transferred to the working council which stood at 10 million Swiss Francs on the 31st ‑‑ as of the 31st of December, 2016.

The overall situation for financial period 2016, the account ‑‑ the beginning of every year, financial period was calculation on the basis of contributions, voluntary contributions, membership fees, trust funds, voluntary contributions. The council is invited to look at the report and approve the draft Resolution contained in Annex A.

Thank you, Madam Chair.

>> CHAIR: Thank you.

Prior to opening the floor for discussion, I would like to turn the floor over to Mr. Graeli, the external auditor to introduce to the Admin Committee 17/40.

You have the floor.

>> Thank you. By taking the floor, I would like to thank the council on behalf of the President and he was not able to attend but wishes you a fruitful, beneficial meeting.

We're responsible for the ITU audit report I wish to inform the council on the results of the audit on the year 2016. The audit team defined is taking into account the schedules of the various parties involved and conducted its work with great spirit of cooperation although in the framework of the necessity and judgment which is peculiar to the role of an auditor. On the basis of the audits contained we believe that there are sufficient and reliable elements for the opinion which is stated in the audit certificate signed by the President, it the opinion is that 2016 financial statements presenting fairly in respect to the financial position of the information in telecommunication union as of the 31st of December, 2016 and its financial performance is changed and cash flows and its comparison of budget in the actual amounts for the year end. In accordance with the financial regulations and reviews of the ITU. With regard to the audit certificate we underline this year the new ASI700 revised entered into force. We explained to management the new template, established by the new standard as adopted and modified by the panel of external auditors of the United Nations system in its 57th regular session held in New York in November, 2016. according to the standards, we have also regulated in the audit certificate the emphasis of matter concerning the negative net assets mainly due to the impact of the liabilities related to long‑term employees benefits.

In this regard, it is also mentioned that measures in particular with the review are being undertaken by management. Which has assured the external auditor it will monitor to effectiveness of the measures.

We have the Recommendations and suggestions. As usual in our work, the observations are marked as Recommendations and follow in the follow‑up process, the process carried out by the council Working Group on financial and human resources. On the contrary, suggestions are only followed by the external auditor. It could also happen that in the following report we could change the suggestion with the Recommendation once we realized that the suggestion has not been implemented in our opinion the issue has become relevant.

During our annual audit we have performed our test on all financial relevant areas. This year in relation to the liabilities which are stated above are one of the main reasons of the underfunding and we would like to highlight that a full study carried out by the group chosen by the management is in progress following the previous Recommendations and we also are monitoring the data with the technical support of our actuaries. I take this occasion to express my thanks to the Secretary General and to all the ITU officials involved for the cooperation offered to our audit team.

Thank you very much for your kind attention.

>> CHAIR: Thank you.

The floor is now open for discussion related to document 42 and document 40. The floor is open.

Thank you.

Germany, you have the floor, please.

>> GERMANY: Thank you, Madam Chair. Good morning.

I'm speaking in relation to document 42 and the financial operating report for the financial year 2016. With satisfaction we note the remark on page 13 that is affirmed that the Union has adequate resources to maintain its operation in the medium term, Madam Chair. Nevertheless, we do have some questions and some remarks. The first question is related to the relationship of the table on page 24 in the English text which is the statement of financial performance and the table on page 81, English text which is the Annex B.1, in particularly we're interested in which elements in the table of the financial statements are not in the table on page 81 because the results are slightly different. We need the clarification, Madam Chair on page 37. Let me go on this page.

There is ‑‑ it seems to indicate here that we have the regular budget and we have revenue from cost recovery among others mentioned here is the cost of recovery from Telecom, which is 1.5 million per year and for example the revenue from the registration of universal international numbers. We need clarification on this sense because we believe always that this revenue is, in fact, part of the regular budget because when you present the budget the revenue from cost recovery is indicated as revenue.

Page 71, among other things for Fellowship not for this document, but in general we would request better statistics with regard to the matter of fellowships, not only from the regular budget but also for example from those awarded within the framework of the Telecom events.

Page 74, Madam Chair, now I have to see it on my computer. We have a remark with regard to the participation at Telecom events. We note with satisfaction that the participation of the participants and exhibiters are increasing in the past years. However, Madam Chair, the event in Barcelona still attracts 10 times more visitors than ITU Telecom and approximately 9 times more exhibiters.

With regard to financing of Telecom events ‑‑ and this is page 75 of the report, English text ‑‑ it's clear that the monetary contributions from the host country respected more than 46% of the total actual revenue. In other words, Madam Chair, without those contributions from the host country it would be impossible to have successful Telecom events.

Furthermore, it seems not to be indicated here the fact that in many cases in the past, the host country provided the exhibition space and the space for the forum free of charge.

In this regard I repeat my question on the exhibition working capital fund. Mainly, what would be the cost ‑‑ worst case costs ‑‑ if Telecom stops its activities now? Worst case means it may not be possible to reallocate the staff to other posts in ITU. We would be very interested in getting this figure, in particular because in document 41, which is the audited report of the Telecom event, on page 7, in paragraph 29 the auditors recommend ‑‑ it is not a Recommendation, but it is a mention that due to the healthy status of the exhibition working capital fund it may be possible holding a Telecom event in a developing country and in this case of course, the enormous financial contribution from the host country will not be realized.

However, Madam Chair, as mentioned earlier, this would always be sufficient capital in this fund in order to ensure to pay for the worst case costs if for whatever reason Telecom stops its activities. With regard to page 83 of the report we're coming to development activities. We note there are only two ‑‑ probably only one running UNDP project in the UNDP related funds indicated. That means for us, Madam Chair, that the ITU has lost its main role as executing agency for telecommunication‑related projects in the United Nations' system. However, and this is positive news, of course, the tables from page 84 onwards, English text of the report, on fund interest and other funding mechanism show the projects in our days in ITU are mainly financed by the fund in trust mechanism and this included all of the ICTDF. As a consequence, Madam Chair, it would be good to think about to change strategy. ITU should try to enter into a dialogue with donors as to the funds and programs of the United Nations in order to acquire voluntary contributions of fund interest with the aim to perform development projects.

This would, of course, in our opinion need a certain change of strategy while at the moment it is mainly the elected official that try to acquire more funding for such kind of projects in the funding trust of the United Nations one of the major persons in this exercise by ways of procurement is because of donors want to have assurance that their funds, their donations are spent in a transparent way, Madam Chair.

This is our remarks and comments with regard to document 42.

Thank you very much.

>> CHAIR: Thank you, Germany.

I don't see anyone else asking for the floor or seeking clarification on document 42 so I will turn it over to you to address the questions from Germany.

Thank you.

>> Thank you, Madam Chair. Thanks to the Delegate of Germany for his question. I will try to tackle the questions in the order they were asked.

The first concerns the table of the financial status in Annex B1. The manner in which the financial management report has been presented, the performance report gives you a consolidated account of the funds. There is the regular budget plus all of the extra budgetary funds whereas Annex B1 covers essentially the regular budget of the want Union which is complimentary and supplies more details about the situation with the regular budget.

With regard to your second question, page 37, the various funds, and cost recovery, indeed the Telecom recovery, 1.5 million and that is part of the regular budget and is recognized as revenue into regular budget are under the category of cost recovery. With regard to grounds, we are taken into account what you said and in the next report will give you more details about how the allocations are broken down for telecoms out of regular budgets or extra budget allocations. With respect to Telecoms, perhaps here I'll give the floor to Mr. Ba to address these and he'll be in able to address additional details.

Thank you, Madam Chair.

>> Thank you for those answers.

For the question on the working capital fund for Telecom, the exhibition fund, we had a discussion on this last week when we presented the BDT document which asked 2 million be allocated to them to finance development projects. This fund is Fed from the Telecom results. If Telecom closes its financial period, whether it has a positive or a negative result that is transferred to the Telecom working capital fund, the level of this fund at the 31st of December, 2016 was 10.1 million Swiss Francs. This is sufficient to cover if the decision is so taken to stopping Telecom activities at this point. I can't look into the future but if right now the decision was taken to stop Telecom activities then this fund is sufficient to cover any debts which we would have to pay to the Telecom Secretariat.

As you know, in document 10 presented to you there is an addendum 1 about the Telecom budget, and this is about 11.1 million Swiss Francs over a period of 2018, 2019. These costs are allocated annually over the events and this, by the way, is why the link with Resolution 1 1 is there, the Secretary‑General is trying to organize a Telecom event annually in order to reduce cost recovery related to the Telecom Secretariat.

As you were told in that document, the number of staff for Telecom now is 23 posts. These 23 posts have seen no increase. It is the same number for 2016/2017. With these posts and the events organized annually we managed to cover the costs. Those are the questions concerning reduction in development projects.

As you know, in terms of telecommunications we are not the only organization. Some donors prefer to finance projects at national level rather than going through the organizations. However, we are maintaining a level ever cooperation with other organizations, thus in 2015 to 2016 we had to reply to a survey initiated by the European Community in order to obtain guarantees on transparency and competitiveness of our union so we carried out a pillar assessment conducted by an independent body which gave in its conclusions to the European Union guaranteeing that ITU applies transparency rules and my colleagues have informed you, I believe, that there is a project of some 5 million euros which are currently being obtained from the European Union in order to finance development projects. You will also know that we're participating in what is usually called UNDG. This is an under development program ITU is also currently working more closely with UNTP so the technology and telecommunication projects can be given to the ITU as a leader in this field so the management of the Union is working closely to see to what extent it may be possible to obtain funding through the UNDG in which we participate and so that we can have shared funding for projects in that area.

I hope I have answered the Distinguished Delegate from Germany.

As for the fellowships, as my colleague said, offline we can give details of the breakdown of the fellowships which are budgeted, but also how this is divided between the sectors and Telecom if he likes we can give him that information quickly offline.

Thank you.

>> CHAIR: Thank you.

Now I turn the floor over to Secretary‑General.

Thank you.

>> SECRETARY‑GENERAL: Thank you, Madam Chair. Good morning, councilors and dear colleagues.

To listen to the comments from Germany, I find a lot of valuable observations and important suggestions. Some of the questions were answered by colleagues. The document itself represents the audit work of what's happened in the past.

What Germany observed, for example, the size is much smaller compared with Barcelona and it is much less, that's absolutely true. That's the big challenge to ITU, how can we organize our event.

As I mentioned to you already, the last couple of years, we would like to reform this ITU Telecom from the service technologies to focus on supports ICT SMEs. Unfortunately we have not made remarkable progress and also the situation seems to be getting better and better. There's nowhere for ITU to form something in competition against the biggest industry event in Barcelona for World Telecom and we have no plan to try to do that. That would be waste of our resources and waste of our time. We still try to redo our event with the focus on supporting ICT SMEs. That's something that we would like to also ask our members to have some kind of suggestions and proposals so at our next plenipotentiary we can have guidance.

I would like to take this opportunity to express my sincere thanks to the host countries as Germany just observed, their contributions are enormous to make our event a success and as a result of that generous support the event, without that, it would be very difficult. That could be one issue that we keep in mind for further discussion. In my opinion, this kind of ITU Telecom focuses on ICT SMEs, today in to the world, there is no any other platform to do similar things to support ICT SMEs and we would like to continue and we need support and of course we would like to discuss that with you further. After this meeting, next week immediately we organize our ITU management meeting and this topic is one of the main topics to ask our senior members. We would like to seek your continued support for this effort.

For another issue, Germany very clearly identified that the funded programs are decreasing and in the past, the 1980s we had a lot of projects supported by World Bank, UNDP and now there is almost ‑‑ as I mentioned in the opening remarks, the perception issues are here and many consider ITU as a pure technical agency and to see ITU as an agency of development still not established and we try very hard to convey message to our members and to our sister organizations that we can also help in development. We will continue this way. German's suggestion to have our it strategic structure be adjusted to try to work on this direction, we're very, very valued and we need to prove from our structure, from our resources that we're serious partners of development. For example, he mentioned procurement could be a good service to convince the donors that we make sure that their money will be best used with the expectation. So this kind of thing, it is what we'll take serious note and we will continue to work with the members, with our management insight with member insight to try to work further in this direction.

You also noted, myself, I try very hard to work with my sister organization in the United Nations because we all recognize that ICT, it is a very important part of enablers to facilitate the ecosystems and we don't have necessarily a lot of money, but they have a lot of money. They're also used their budget to do modernization of the systems to improve their efficiencies and to offer the use of the budget with ICTs and if they use IC, its I think naturally we could cooperate with them, help with them to work on their systems with the ICT assistance.

I see very good, positive reactions from my U.N. colleagues and they're kind to consider a partnership with ITU. That's a reason why, you know, we have more and more U.N. systems to try to seek closer cooperation for ITU with this kind of cooperation.

That is my it comments in addition to comments from my colleagues and I appreciate very much Germany contributions and I look forward to good cooperation with you to make ITU more relevant to them.

Thank you.

>> CHAIR: Thank you, Secretary‑General.

Bulgaria, you have the floor.

>> BULGARIA: Thank you very much, Madam Chair.

Madam Chair, we would like to associate ourselves fully with the comments made by our colleague from Germany. We would like to thank also the Secretariat and Secretary‑General for the comments given.

In summary, there are a couple of things: Council has asked always that the Telecom be performing on the business‑like basis without creating any cost to the Union. Up until this time this strategy is working. Part of the annual Telecom in the past was dedicated to development of projects and this is still done, but in very reduced scale.

Madam Chair, we would look forward to see the Telecom further developed, innovated after the missing the train to have the big companies, particularly the mobile industry to exhibit within the framework of the Telecom organized by ITU. Madam Chair, just to remind you is that before we had the restructure of the Union we had the technical cooperation department managed within the general Secretariat. At this time we were getting between 30 and 40 million extra budgetary resources for project execution from outside. The technical cooperation department was practically existing on the administrative percentage of this fee between 7 and 13, 14% depending on the size of the project. We believe that once the development sector, development Bureau, we were told this achievement could be expanded, but if you look carefully at the performances and the budgets, we see that the comment is that we have a very meager achievement as compared to the past. Madam Chair, we should like to invite particularly the elected officials, the Secretary‑General, the vice Secretary‑General and director of development sector, director of BDT to change strategy and to be more proactive in increasing the confidence and trust in ITU for execution of projects before they were getting service done and now probably we have to start once again and to convince people to come back to us. This is in the interest of the developing countries and we have plenty of them, hundreds of them which would need the assistance. It does not matter that the Secretariat liberalize but the assistance in deployment of innovation projects of ITU would be of tremendous value to those members of the Union. Madam Chair, it is not a plenipotentiary conference, finally, but somehow we would like to push forward the idea that this mobilization t extra budgetary resources should be part of the terms of reference of the job description of every one of the elected officials.

Thank you very much.

>> CHAIR: Thank you, Bulgaria.

I now give the floor to Vice‑Chairman.

>> VICE-CHAIR: Thank you, Madam Chair.

Good morning to you all.

We are grateful to the Swiss confederation for the expression which was marvelous. We really enjoyed it.

With regard to the management report, I have two brief questions: One, for clarification on page 5 of the management report, in paragraph 5 we have a shortage of 11.3 million so I would like to ask Secretary‑General to express ‑‑ to clarify the figures. It is to the assets against the liabilities. I would like clarifications on these figures in paragraph 5.

Thank you.

>> CHAIR: Thank you, Vice‑Chairman.

I give you the floor. You have the floor.

>> CANADA: Thank you, Madam Chair.

Good morning to you, to all colleagues and join our voice in thanking the Swiss Confederation for a beautiful day, sunny. We were infused with new ideas.

Madam Chair, it is just as brief comment in thanking the Secretariat for the submission of the report in regards to the issue of project execution or the absence of that function within the ITU. We believe it is critically important to strengthen the partnership approach with the private sector with international financial institutions and development agencies, with Civil Society, the technical community, particularly because that is not only where the knowledge and the resources are but also because it will allow the ITU to become a convener or a clearinghouse that's able to provide its Member States with critical up to date information as to who is doing what on a particular area of ICT development around the world. When we look back to the events such as the Connect Americas in 2012 and we realized there were so many projects identified or potentially identified we, of course, realize that the ITU cannot undertake projects of a massive capital investment like the deployment of infrastructure, broadband connectivity, what we can do, I encourage the Secretariat in the upcoming retreat, to see how we can strengthen in relationship with the private sector, with the international financial institutions, to further clarify how we can be effective in addressing the critical, valid needs of the developing, Least Developed Countries that are part of the Union of.

Thank you very much for the report. We look forward to ongoing constructive decisions during the rest of this day.

Thank you.

>> CHAIR: Thank you, Canada.

You have the floor.

>> Thank you, Madam Chair. I thank the Distinguished Delegates of Canada, Bulgaria and Vice‑Chair of the Committee. We note the comments of the Distinguished Delegates of Bulgaria and Canada as regards to requests for clarification from the Vice‑Chair please look at table 2. The statement of financial situation of the Union, page 24 of the French document. Here you have the 11.6 of millions of deficit. This figure includes depreciation and impairments which haven't been budgeted since the establishment of the standards. We don't have a budget for depreciation and so these are statistical figures. As to the budget, there was a surplus of 5.1 million Swiss Francs which is the financial overview of the liquidity with respect to the budget. In this 11.693 this incorporates depreciation and also the deficit, the variance with the actuary study, this is not a budgetary result. From the budgetary point of view we're closing with a positive result.

With regards now the assets you mentioned 372,976,000 you have this detail in table 1, statement of financial position on page 23 in the English text. Also the bottom of table 1 you have the total net assets. For more detail on the liabilities, for that you have explanation in table 3, statement of changes and net assets for the period of 31st of December, 2016 so minus 490 million and then the discount rate was mentioned from 130 to 92% in the actuarial study, this increased the deficit of the assets and this is because of the negative rates on the Swiss market because of the fairly high level of the Swiss Franc as compared to other currencies. Right now the yield in Swiss Francs is negative after a certain threshold which means that actuaries take in the account of the yield of the financial investments of the period leading to an increase in the deficit.

I hope I have answered your questions. Thank you, Madam Chair.

>> CHAIR: Thank you.

I have no more requests for the floor ‑‑ sorry. Yes. Secretary‑General ‑‑ sorry. Director.

>> DIRECTOR: Thank you, Madam Chair.

Good morning to all. We take note of all the comments concerning project implementation. It may be a good idea to look at that from a historical perspective. The Distinguished Delegate of Bulgaria referred to one point to the fact ‑‑ referred to a certain point to an ITU as the only implementing agency and there's a massive demand for investment in infrastructure as you know, it is infrastructure which takes most of the investment in the ICT in telecommunications sector and currently ITU like other agencies, like world program, et cetera, they were considered implementing agencies exclusively for the UNDP of the United Nations. After that there was a UNDP decision and those requests from developing countries, they said we now have national expertise and what we would like is to have national implementation, not only international implementation and that made a big change in UNDPs approach to project implementation. One of the reasons why we saw a reduction in project financing from ‑‑ for international organizations such as ITU. After that, there were all those liberalization winds blowing around which meant that today establishment of infrastructure is no longer in the hands of the State but of the private sector. Therefore, all the funds moving through ITU or other United Nations specialized agencies have, of course, been reduced. Now, this being so, as the Secretary‑General said, within the ITU we have had to change our approach. We are not so much counting on UNDP but counting on other donors. Mr. Ba told us that we have 5 million now from the E.U. Of course this takes time, three years of negotiation and we're still not finished, and as you know, we have the private sector which we're working with, we're working with CISCO, the CISCO Academy. There are parties we see here which are seen as cash, but many of our private partnerships are not working in terms of cash but in terms of in kind contributions which also help us to resolve our problems. All of this is taken into account. We're working very seriously to diversify our sources of funding and also traveling, working with other you know agencies because we have seen that today major financing goes into projects which are perhaps a little emotional or mass appeal such as education and health. We have begun to work with WHO, UNESCO so that through this funding we can try to place ICTs at the heart of development. We're working with these institutions, we're looking for new sources of financing so that ICTs can be seen not as a sector, but as a means to achieve education and health objectives. So this is all we're doing and we're taking note of your comments. We're encouraged to see that we're going in the right direction and we'll continue this work.

Thank you.

>> CHAIR: Thank you, Director.

Before we can approve the Annex in document 42 I would like to ask the external auditor to introduce C17/41.

You have the floor.

>> Thank you, Madam Chair.

Thank you for leaving the floor again to the external auditor.

According to the terms of reference of the mandate, we carried out the audit of the accounts of 2016 ITU Telecom World. The results of these activities are included in our report. One recommendation we have and 8 suggestions. We have issues to highlight with regard to the event management, only minor aspects need to be improved like the improvement of better tools and the need to involve a new generation. From the point of view of competence, we do respect the financial sustainability and it would be advisable to have more complete rotation principle in our region as implied in Resolution 11 in Busan2014. In closing, I would like to say that we have verified the accounts at the end of the 2016 of the projects financed by the United Nations development program and managed by the ITU.

Thank you again for your kind attention.

>> CHAIR: Thank you very much. I give you the floor.

Thank you.

>> Thank you, Madam Chair.

Good morning to all of you.

While we have just listened to the financial report for 2016, it is the backdrop of the world financial crisis apparently we're maintaining financial stability for which we'll commend your efforts and as you have heard, ITU has spared no efforts to obtain financial stability and to expand the revenues. I suggest that's taken into account by the observations made to approve the ITU report for 2016.

Thank you.

>> CHAIR: Thank you.

We'll take note of all the comments and the admin Committee report. With that, unless I see objections, the Admin Committee moves to approve the Resolution in Annex 42 ‑‑ yes. Annex A in 42.

Okay.

Thank you very much.

I give the floor to the Secretary‑General.

>> Secretary‑General: I would like to take this opportunity to express my sincere appreciations to our external auditor. You have done a wonderful job. They worked very hard to evaluate our operations and to the report and we're quite happy. This morning I received the Delegation, from the President of chamber for international, urban affairs commented to me for their President that he would like to could and he couldn't come. I would take this opportunity also to ask you to extend our appreciation to the President. This morning, since the President was not here and they presented me a gift of company and I found a similar gift from ITU, I would like to present this gift to their President to express our appreciation. Of course, we have ITU and I would like to also present to their good cooperation not only with our council but with several partners such as IMAC, the IMAC Chairman is here and with the internal auditor, with ITU teams so that this is very, very professional and a great partner with ITU.

I heard that our former contractor with this company is expired, the first four years and they extended it two years more and they're supposed to be finished by the end of 2017 and we know next year is quite important for us. We would like to extend our contract with this company for another two years. I think is including the report. I think when you're endorsing that report, you almost endorse that. We would like to take this opportunity to invite the external auditors to accept our invitation and to help us for the next two years.

Ladies and gentlemen, that's my short remarks and I hope we could continue our work with good cooperation with external auditor for the best interest of ITU.

Thank you, Madam.

>> CHAIR: Thank you, Secretary‑General.

With that, my secretary reminded me I did not put to the floor the approval of the external auditor report in document 41 and document 40. Unless I hear objections from you, I move to have the Admin Committee approve the external auditors report for ‑‑ thank you.

U.S., you have the floor.

>> UNITED STATES OF AMERICA: Thank you, Madam Chair.

As we're getting ready to approve the external auditors report I wanted to express my appreciation for the report and for the summation of the Recommendations and suggestions as well as their status. I think that's an excellent practice in the report and wanted to confirm that as we approve it we're also approving the Recommendations and suggestions made by the external auditor and we look forward to their implementation.

Thank you, Madam Chair.

>> CHAIR: Thank you, United States. That's my understanding as well, once we approve the reports, the external auditor reports we're also approving the Recommendations.

I put forward to you document 40. I'm asking the Admin Committee to approve the external audit reports on the accounts for 2016. Unless I see objections, I'm moving to approve.

Okay. Document 40 is approved.

The next one, document 41, the council ‑‑ the Admin Committee is invited to approve the auditor report for the 2016 reports for Telecom World 2016. Unless I see an objection from you, I move to have the Admin Committee approve this report.

I see no objection. It is approved.

With that, I think we should probably take a break.

With that, I suggest we take a coffee break and we should come back at 10:50.

Thank you.

(Break).

>> CHAIR: Thank you. Good morning, everyone. Thank you. Welcome back.

Now I would like to turn to Agenda item 25, renewal of the mandate of the external auditor. C17/58. You have the floor.

>> Thank you, Madam Chair.

Ladies and gentlemen, Distinguished Delegates, on behalf of the Secretary‑General it is my pleasure to introduce document C17/58 on the renewal of the mandate of the external auditor for a period of two years. In conformity with decision 586 of the 2015 council the mandate of the external auditor relating to the auditing of the 2016/2017 financial statements will end on the 30th of June, 2018 pursuant to paragraph 2 of Article 28 of the financial regulations which stipulates that this term may be renewed without a selection process by the decision of council for a period of two years and further period of two years. It is recommended that the mandate or external auditor be renewed for a period of two years for the auditing of the 2018 and 2019 financial statements. The council is invited to approve the renewal of the mandate and to adopt the draft decision contained in the Annex to this document.

Thank you, Madam Chair.

>> CHAIR: Thank you.

The floor is open. I see no one ‑‑ Germany. You have the floor.

>> GERMANY: Thank you, Madam Chair.

With regard to this document we support the draft decision. We have a remark, however as far as we know, the first mandate was given in decision 566. It was extended for a period of two years in decision 586 and now we're going to extend it for further period of two years which is the last period to my knowledge. That means in the next two years ITU will need to have a competitive process for a selection of an external auditor. I very well remember the procedures for the last section. It takes quite a while. So we would remind the Secretariat that in approximately one year this exercise has to start but with this remark, of course we support in recognition of the great work done the extension for a further period of two years. Thank you very much, Madam Chair.

>> CHAIR: Thank you, Germany.

With that remark I will place that in my ‑‑ in the Admin Committee's report. With that, unless I see objections, the Committee moves to approve the decision in document 58.

Therefore we're approving the renewal of the mandate for external auditor for the period of two years and to adopt the draft Agenda. Thank you.

With that, I would like us to move to Agenda item 26, the annual report of the independent management Advisory Committee, IMAC, document C17/22. You have the floor.

>> Madam Chair, members of ITU, Secretariat, Distinguished Delegates. Every year we do present in this round our annual report. There is common practices and I try to cut them short because you see them every year from me.

Our members are five people, we meet three times per year and during the course of our meetings we cover all relevant topics as addressed in our terms of reference. We look at governance responsibility for financial reporting, control arrangements, risk management, overall governance processes and other audit related matters.

By this we try to assist the council and ITU management in enhancing transparency, strengthening the overall accountability of ITU and to make sure that ITU follows rules of good governance or improves governance that's already been in place.

I would like to start with extracurricular activities which I think could be of interest to the Delegates. The United nations decided to conduct now every year a meeting of all governing bodies respectively audit Committees such as IMAC meeting once a year in New York. It was very interesting for me to meet with all the different oversight Committee Chairs and coaches. What I would like to mention here is ITU when it comes to overarching governance and other topics, ITU is definitely in I would say top quarter of all United Nations oversight organizations in ‑‑ especially just to mention a few, in risk management, looking, for example, for things like cybersecurity, but also in how to address overarching governance topics such as internal controls but also really tapping into further areas like anti-fraud policies, corruption, et cetera. It was quite good to see that the very dedicated work ITU is putting into improving the governance principles for ITU definitely has propelled ITU into the top group at least from an outside from all of the bodies and we have statistics available for that. I think it is good for the Delegates to know this, but that all of your work, of course, and what you're pushing hard nor is recognized and seen.

I would like to give you a bit of a summary of the follow‑up of our report. At the end of our report, which is document C17/22E you will find also the in detailed statistics for this.

I'm very pleased to say that 10 out of 14 Recommendations have been implemented and all six remaining Recommendations from 2015, all remaining 9 Recommendations from 2014 and 7 of the Recommendations from 2013 and five of the six Recommendations from 2012. So what we can overall see is that ITU is picking up a bit of traction to implement recommendations overall.

My next point refers to 3.1 and following in the area of financial management with I belongs to the main items we discussed and including, of course, further Recommendations for ITU. We have the report for 2016 and also note that the external auditors have provided an unqualified audit opinion. As well as in 2015 this includes an emphasis of matter that relates to negative assets and this, again, is based upon the actuarial liabilities for the long‑term employee benefit. For those of you that are not auditors or experts in financial management, to explain a bit what it means to have an emphasis of matter but unaudited opinion, but the statement of account is correct, we approve it as an external auditor. The emphasis of matter draws attention to a topic which is very important and which is also fundamental to the users understanding of the financial statement. It doesn't mean that something is wrong with the report, but it is important for the reader of the report to understand there's a matter which is worthwhile recognizing because it has such significant impact on the balance sheet of ITU.

We note that all Recommendations from the previous IMAC annual report with regard to financial management have been addressed or are in progress which I'm very pleased to say. The areas where we recommend that financial reporting could be improved, we see that ITU's implementing the Committee's Recommendations and it is definitely making improvements to the financial statements for 2016 which are presented now in this session of council. Overall IMAC is very pleased and grateful to the financial resource management department for the positive way they have assisted our work and cooperated with the Committee resulting in a very positive report for financial management.

No Recommendations overall on financial management from IMAC.

Looking at risk management, IMAC would like to endorse the risk management policy and the risk appetite statement.

We would like to encourage ITU to put the policy into practice and as far as I understand the policy will be presented to you throughout the course in the day. Our first Recommendation is definitely built upon this. Following, of course, the Secretary‑General to council we recommend that ITU recommend and put in practice the risk management policy and the appetite statement.

The risk management policy and the risk appetite statement are akin to IMAC to prove that ITU's risk management is making now all the years a continuation of quite impressive progress. This refers also to what I mentioned earlier on what I have been able to observe at the meeting, at the United Nations' headquarters with the oversight Committee Chair that ITU in risk management is taking on a leadership role and is perceived to be someone to get in touch with if other organizations are looking for good REM practices.

You won't find this in the report but it is worthwhile mentioning here, ITU takes the causal framework as a basis for risk management and some of you may have heard that the causal framework will be replaced officially throughout the next couple of months by a new upgraded version. This upgraded version is taking very strongly into consideration the link to strategic planning for instance and, for risk appetite and risk policy. What ITU is currently doing in the context of REM is almost anticipating what the new causal framework will include. You already heard the presentation of the distinguished external auditors.

First let me express my gratitude to the external auditor to be on a regular basis always available for discussions with IMAC. We really appreciate this very close collaboration and we have a very strong and regular exchange of information views and thoughts. Again, to the external auditor, thank you very much for your cooperation and collaboration.

As part of IMAC's role, we do have also the obligation to make sure the external auditor is having the right context to carry out the work.

This includes, of course, the auditor's independence that they find the follow‑up to previous external audit recommendations are done, but also that the external auditor can give assurance on the process extent, finding, Recommendations of the audit.

We understand it is extremely challenging for the external auditor to propose or to show to IMAC the final report given the timeframe and we understand this is every year a bit of the challenge but again very grateful for the good collaboration so that we were able to discuss the report last week before these documents.

As you have already heard from the external auditor, the report of the external auditor provides a very comprehensive and helpful report to the council which contains 12 formal Recommendations and 4 suggestions. The report provides also extensive performance audit, commentary and Recommendation on procurement. We of IMAC believe that especially the recommendations on procurement can be addressed by the adoption, development, of the overarching manual for procurement which we currently lack and some policies and procedures. That brings me to 3.13. I would like to elaborate a bit on that because I think it is a very important aspect for ITU and also for you as Delegates to understand this. ITU compared to other U.N. organizations do not have the extent or the value of operational procurement than many other entities like UNDP and UNESCO.

We believe that, of course, a couple of things have to be in place, procurement manual, procurement policy and those things managed, of course, in the external auditors report. However, what we would like to draw your attention to is that we believe that it is very important that the way forward ITU is taking with procurement is an acceptable cost and effort by looking at in the end the proper sizing of all of those activities. Most likely, ITU can learn from other practices through a proper benchmarking which then could be applied to procurement within ITU. We consider that it is appropriate for ITU's arrangements to be not only adequate and effective but as a proportionate to the organizational size. What's that mean? We want to make sure that ITU with the size of rough live 800 people and a decent low procurement volume is not necessarily going to adapt, let's say, the procurement guidelines and policies including the entire setup as you find in an organization for UNDP. It is basically asking for having the right touch and feel, what is the fit for purpose in areas such as procurement.

IMAC will definitely consider or take a look at procurement further in our Autumn meeting.

I would like to draw your attention, which was also mentioned especially by the German Delegate and the question before, but also the Secretariat responded to this topic. The external auditor has Recommendation 1 which addresses significant issues and challenges arising for the impending high level of potential staff. We at IMAC believe that the situation really presents a considerable risk to ITU. ITU's environment is rapidly changing. Again referring to the discussions which happened already before and we think it is of utmost importance to think about a fitful purpose operating model for the ITU in the future. What's it mean in our understanding in detail?

It is not only about ensuring that some knowledge is not lost by the retirements which will happen in the next few years but it is also important to make sure that the new hires or internal development are fit for purpose for what ITU will face in the next upcoming years. This might change, of course, a little bit the direction of hirings and personnel development has to take place. We strongly recommend that the staffing topic is addressed urgently and more widely in that context.

Another note related to this, this is also mentioned in the previous discussions, more and more the private sector will play a role in this. This even may imply certain requirements for staff and understanding the language of the private sector to make sure that you take them onboard for the journey you're striving for.

On a personal note of this, I fully agree with the discussions you had before on the importance of ITU to try for digitalization.

I think ITU is really ‑‑ is one of the key spots to do this and there are not too many organizations in the world who are in such great position to combine digitalization with topics such as access to health, access to food and nutrition and access to education just to mention a few.

Now let me move to the chapter around internal audit.

The following internal audit report, the inspection of the external expert contracts, audit of trust funds, corporate fraud risk assessment, audit of learning, training, professional development, audit of IT contracts, rental and maintenance service, audit of gender equality and mainstreaming in ITU. In more than half of the reports, internal audit was of the opinion that the governance risk management processes and internal controls to the area examined were not sufficiently adequate and effective. We note the internal audit has identified deficiencies and adequate procedures in a number of cases on issues of high significance in its reports. We at IMAC would encourage the management to prioritize actions and reinforce procedures in the areas covered.

We also noted in the 1720 list of the audit topics and audit of the gender equality and mainstreaming policy, of course, this is a very important topic, definitely on the global Agenda, definitely part of United Nations overall Agenda.

However, from a high‑risk perspective we do not necessarily see that internal audit should be the department taking care of such an analysis. Again, we're not saying that it is not an important topic. Looking at the various resources within internal audit, very limited, very professional auditors in there, we would rather recommend to focus on more high priority risk areas which is also our recommendation number 3, and we would recommend that it is important that the limited resources of the internal audit union are used to examine those areas which represent the highest priority risk.

We all know we addressed this topic briefly last year based on the use of paper internally in the Secretariat. Again, all these are important topics, they're important for ITU, they're important for the United Nations, but we would rather like to stay focusing internal auditors for the high‑risk of the ITU.

Recommendation number two focuses on taking forward the adoption of the multiyear risk‑based audit planning including a rolling cycle of coverage. For those of you that are not so familiar with internal audit related topics, what's considered to be a best practice is to make sure that an organization has over a longer timeframe a really good understanding of first of all the high‑risk areas which need to be audited, but also to have a good understanding which orders have to be reported and where you may even have to have a shorter follow‑up audit on things. This is why we recommend this rolling cycle of coverage and a multi‑year based audit planning.

Recommendation number 4 is also addressing internal audit. To ensure the timely management of the responsiveness tool to the Recommendations made by internal audit we recommend that the Recommendations agreed by line management and the Secretariat should incorporate timelines or deep lines for their implementation.

Now moving to topic under 3.2 and 3.24, we're very pleased to see that ITU has an ethic Office of Function in place and we at IMAC according to terms of reference are monitoring the development of ethic policies and procedures in the organization.

We also would like to recommend in that context that the ITU's ethics policy, practice and procedures are placed on the organization's website as they're developed.

Why do we think this is important? Again, to give you a bit of background, first of all it is part of good governance and secondly it shows that ITU is taking the ethic topic very serious and having now a qualified ethic officer in place who is developing corresponding policies, procedures and practices it would be very good for ITU to be able to share this with the larger public.

On one side, I think it is the reliability in the topics but on the other side, again, referring to the staff topic it is more and more important for organizations to have a good ethic policy in place.

My next topic is compliance and fraud management.

We have begun already last year to engage the dialogue with management and taking a deeper look into compliance and fraud and not only in the context of today's world but we all understand digitalization is moving on fast which will start to offer more and more chances for let's call it under friendly ‑‑ unfriendly people to tap into ITU's business especially related to fraud and bribery and, of course, to cybercrime. This is joy this is an extremely important area for ITU.

Even more, when it comes to fraud risk, ITU currently has no policy on fraud which should include bribery and corruption.

We believe there are many aspects of compliance and risk management which need to benefit from improved arrangements around fraud risk management and compliance. There was also carried out a risk assessment report as mentioned earlier which contains an overview about where ITU is either considered to be exposed to some fraud risk or which could potentially contribute to increasing the likelihood of fraud occurring. As said before, digitalization should be considered in the overall context.

We at IMAC are of the view that there are useful Recommendations in the report. However, we wish to encourage the Secretariat to proceed again with the sense of priority but without compromising the various functions which will and have to be involved in the implementation of the Recommendations.

It will be very important to maintain a clear distinction between the skills and professional competencies appropriate to different functions. For example, between the roles of line management, internal audit and the ethics office.

In our view there's as clear distinction between those two ‑‑ these three functions and it needs to make sure that, for example, the role of the ethic officer is not becoming conflicted by developing, for example, fraud prevention mechanisms. Our recommendation number 6 is referring to this. I will read this completely to you, IMAC recommends that as a matter of priority and good management the Secretariat should establish a formal anti-fraud policy and associate training education and other measures consistent with good practice. The solution is recommended to be proportionate to the size of the organization and ensure functions are not compromised by conflicting objectives. Again, we think it's of utmost importance to have an anti‑fraud including bribery and corruption policy. However, we recommend that ITU's management is taking a proportionate look at it and make sure it is fit for purpose and that the right resources are involved in it and that the right responsibilities are taken.

The next topic is the oversight of field activities. As in the last consecutive years we receive briefings from the BDT on development of the issues they had in the field operations. We would encourage BDT to continue to take steps to ensure adequate corporate management oversight of operations and management practices in the field.

Almost getting to the end of my report, getting to the next topic which is the head quarter construction project. First of all, let me acknowledge that we really appreciate the professionalism and transparency in the way ITU is taking forward this head quarter project and the progress which has already been made. This is really state‑of‑the‑art with establishing corresponding functions and making sure that an internal advisory group is set up ‑‑ by the way, IMAC would like to encourage that all Regional Groups nominate members for the Member States advisory group on premises. We think it is such an important topic for ITU building the future, shaping the future, that it is a great opportunity for all Regional Groups to participate in this and to take an active role in this.

Referring to my point before acknowledging the way in how ITU is taking this forward, let me draw your attention especially to the engagement of a professional expert with very dedicated know how in large construction projects. First of all, ITU found a good way to integrate or to hire this person which will run under the loan of the Swiss government to be a part of that financing. ITU took a proactive step to make sure that the relevant know how to risk manage in the end this important project is on board right from the beginning.

We would also recommend ‑‑ this is our recommendation number 7 to make sure corresponding auditing capacity with particular expertise in that area is available and in due course, which is not potentially this year, perhaps also not next year but this has to be decided by the respective experts an independent audit on the account which has already been established by the finance department is carried out to make sure that the account for the construction of the building is handled in the right way.

Last, but not least, and I don't want to bore you with the official topics, administrative topics you can read in the document, my sincerest thanks to the Secretariat and management and also staff for the very dedicated honest, timely support of IMAC. We really, really appreciate it and without the Secretariat, for example, providing a highly professional and dedicated secretary to IMAC which I would like to thank in this course as well without him our work would be much more difficult.

Secretariat, again, thank you very much. Also a big thanks to anyone else, the Delegates from the head quarter building but all of the interactions. This has made our collaboration fruitful and constructive.

Thank you.

>> CHAIR: Thank you very much. Deputy Secretary‑General, welcome.

>> DEPUTY SECRETARY‑GENERAL: Thank you very much and good morning, everybody.

On behalf of the ITU Secretary‑General I would like to, in turn, thank IMAC through you for its excellent work and collaboration with the Secretariat and we're grateful for your acknowledgment of that. We are very pleased to work closely with IMAC and to have a debriefing at the end of each IMAC meeting on the Recommendations coming out of the meeting and we certainly accept the 7 Recommendations put forward in this report and are committed to implementing them with the council's approval and we believe that they will further improve the internal processes which we are continuously striving to make more efficient. Thanks also for acknowledging the efforts we made to implement the Recommendations from last year we have implemented already 10 of the 14 Recommendations and the other four are on track for implementation and we have now implemented all of the Recommendations from 2014 and 2015. Thanks again for IMAC for the excellent work, collaboration and bringing forward the Recommendations. We look forward to continuing that excellent collaboration with IMAC.

Thank you, Madam Chair.

>> CHAIR: Thank you very much.

With that, I open the floor for discussion on the IMAC report.

I have Germany. You have the floor.

>> GERMANY: Thank you, Madam Chair.

We would like to thank IMAC for presenting this report and we always ‑‑ IMAC, I'm not in to the exaggerating view with regard to solution of issues, in particular, what you call fit for purpose approach. I think this is very appropriate for the Union. With regard to this procurement exercise I didn't commend the external auditors report, only I want to say there are two documents that are not significantly recognized in to the report, the procurement practitioner handbook and the Annex to the service level agreement. With regard to the issue of the level of potential staff retirees, the problem is not that people are retiring but the problem is that in the effort to balance a budget 38 posts within four years have been budgeted for and have been abolished or frozen. The problem, in fact, is that retired staff may not be replaced and this is what is causing the real problem but this happens due to the budgetary restraints.

With regard to your explanations on compliance and fraud, this is very much supported by us, as is, of course, all your other Recommendations. With regard to the headquarter project we would, of course, in the future try to work a little bit closer with you and here I'm speaking in my capacity as Chair of the MSAG group and I'm pretty sure that with the IMAC approach as mentioned previously we will have very relevant and useful recommendation in future reports if appropriate and if needed.

Thank you very much, Madam Chair.

>> CHAIR: Thank you, Germany, for that.

Australia, you have the floor.

>> AUSTRALIA: Thank you, Chair.

We would like to recognize and commend the ITU for the report that's just been provided by IMAC. We're encouraged by the collaboration that's evident between ITU management, the external auditor and IMAC. There clearly is significant progress in a number of key areas, including the critical area of risk management. This should be used to inform other governance priorities of the organization as recommended by IMAC. We encourage the careful attention be given to continuing to implement in a timely manner the Recommendations of both the external audit and IMAC. We note that IMAC will continue to consider an appropriate procurement policy for the organization of the size and complexity of the ITU and we look forward to the deliberations being brought back to council in April of next year.

We thank the internal auditors for their careful analysis of the audit topics and take note of the Recommendations in this regard. We commend these findings to ITU management and look forward to hearing how these will be responded to in the forward governance plans of the union. However, we also recognize IMAC's view that there needs to be a hierarchy according to the risk of the organization. The Australian organization would like to take this opportunity to note, in particular, the appointment of the ethic officer, a shared resource with WMO.

We congratulate him on this appointment and are encouraged by the steps he's already taken to raise the profile and importance of ethics within the organization.

Thank you.

>> CHAIR: Thank you, Australia.

United States, you have the floor.

I see no one asking for the floor.

Unless I see objections, I move that the Admin Committee approve the IMAC report and Recommendations.

The next Agenda item, 27, report of the internal auditor on the internal audit activities, 17/44.

You have the floor.

>> Ladies and gentlemen, Distinguished Delegates, it is my pleasure to introduce on behalf of the Secretary‑General documents C17/44, which presents the report of the internal auditor on internal audit activities covering the period from March, 2016 to February of 2017. The document contains elements related to the orientation and scope of internal audit activities as well as an overview of the assurance engagements that were conducted in the time period reported on. In line with the internal audit charter the proposed internal audit plan for 2016 was reviewed by the IMAC in February of 2016 and subsequently approved by the Secretary‑General. It was also communicated to the external auditor in an effort to promote efficiency and coordination. The orientation of the audit work was mainly towards the areas of assurance engagements. One of the seven planned audits was not performed due to extensive attention given to the topic by the intersectoral taskforce within the Secretariat and another audit extended into 2017. The issuance of final audit reports include the comments of the managers concerned, copies of the final audit reports were also systematically forwarded to IMAC and to the external auditor. Based on the various assurance engagements performed, internal audits concluded that overall the lack of guidance and policies and communication thereof would be the most frequently occurring shortcoming to a lesser extent there was shortcomings found in the risk assessment and various levels to allow the union officials to manage risks adequately. For operations and transactions internal controls tend to be reasonably effective. Recommendations made to management are being actioned with the full support of the Secretary‑General and the other elected officials and this will further strengthen ITU to fulfill its mandate. Internal audit also performs on a regular basis the follow‑up of the implementation of outstanding recommendations and has noted good progress in the course of 2016 and the beginning of 2017 which can be seen in the paragraphs 26 and 27 of the report presented to you.

Thank you very much for the opportunity for having this explanation.

>> CHAIR: Thank you. I open the floor for discussion. Philippines, you have the floor.

>> PHILIPPINES: Good morning, Madam Chair.

Thank you for giving us the opportunity to intervene. We appreciate and thank the internal auditors in preparing the report and in this regard the Philippines reiterates support for the internal auditors and the activities as enumerated in document 44. However, if the Philippines, they suggest in the activities that we ask the internal auditors to include the quick response audit or QRA as part of the future activities for purposes of issuance of a quick response audit report. This activity may be a special assignment or engagement given by the Secretary‑General or council members for these issues needing quick and special attention.

Thank you.

>> CHAIR: Thank you, Philippines.

Indonesia, you have the floor.

>> INDONESIA: Thank you, Madam Chair, for giving me the floor. Madam Chair, Distinguished Delegates, Indonesia fully supports the effort of ITU in the efficient manner through audit mechanism. We hope that ITU will continually improve itself with the findings observed in the audit as stated in the report. Further in this opportunity, Indonesia would like to seek clarification and follow‑up on the findings as reflected in the document C17/44 especially the paragraph 20 and 23.

Thank you.

>> CHAIR: Thank you. Will you address the follow‑up questions?

>> I would like to thank the Delegates of the Philippines for that suggestion. It will be dually noted for the future audit plan.

With respect to the comment of the Honorable Delegate of Indonesia I would like to quickly go to the referred paragraphs which paragraph 12 refers to the inspection of the external experts contracts for which we found a number of shortcomings when it comes to the procedural side of the recruitment and identification of the most suitable experts and for which a number of Recommendations were made and which were taken on board mainly by our colleagues from the human resource management department. This is being followed up and it could also be found in a document which was issued by the Secretary‑General with respect to the HRND policies and strategies for which I could possibly refer to my colleague for that. When it comes to paragraph number 20, with respect to the audit of learning, training, professional development we had earlier ‑‑ last week we had a meeting with the newly appointed ITU official for training and professional development. The previous one having retired last year, and she was ‑‑ her intention is actually to pay a lot of attention to the needs assessments that are needed in order for the staff and colleagues to be trained and to have continued professional development to be able to discharge them of their functions within the Union. Training is, as you know, is a very critical element of the staff continued professional education and the necessity for the Union to have the adequate competencies available to take the work forward.

When it comes to paragraph 23 also the various shortcomings found in relation to the procurement process in the IT areas, they go beyond actually only IT, all of these were supported by management and will be implemented and have been touched upon by the IMAC report to council which was just presented to you. There's as far as we can assess from the internal audit perspective serious attention given by the senior management, by the elected officials that these Recommendations are dually implemented.

I hope that this clarifies the requests from the delegates.

>> CHAIR: Thank you.

Canada, you have the floor.

>> CANADA: Yes. Thank you very much, Madam Chair. Thank you to the Secretariat for the report.

One quick question for clarification: While the IMAC in the report refers to having reviewed the audit we don't seem to find any reference to the gender of it in the report by the internal auditor. Is there something that we need to better understand in the formulation sufficient question or could we have some clarification as to why such an important issue is not reflected in the report by the internal auditor?

Thank you.

>> CHAIR: Thank you, Canada.

Azerbaijan, you have the floor.

>> AZERBAIJAN: Thank you, Madam Chair.

For our part we're grateful for this report of the internal auditor.

I have the following question to you: Here in the table you have outdated ‑‑ you have Recommendation 3. While we would like to know why, what reason ‑‑ what are the reasons for these Recommendations to be out of date?

Thank you.

>> CHAIR: Thank you.

Will you address the question from Canada regarding gender and the question from Azerbaijan on the question of gender.

>> Thank you very much. I anticipated that the question from the Canadian Delegate would come.

As mentioned, this report covers the audit activities until February of 2017 and the audit on the gender equality and mainstreaming was finalized in the course of April. Normally this would appear in next year's audit report or annual report, but the individual audit report can be requested online at the council website under the general documentation heading for which we can happily send a copy to Delegations requesting this.

Now with respect to the question from the Delegate of Azerbaijan, I didn't quite get ‑‑ maybe due to the translations ‑‑ the reference to which paragraph this refers to.

>> CHAIR: Thank you.

It is page 7, and the question on the table, outdated Recommendation 3.

>> It is true the number of Recommendations are older and longer outstanding than they ideally should. This is carefully monitored both by the IMAC, internal audit and by the respected managers and I think these two Recommendations from 2011 which are still pending or are being delayed is related to an audit we conducted on the costing of ITU publications for which new mechanisms are being tested and being implemented but I think if you wish to have more clarification our colleagues from FRND could also respond to the exact status.

There is a systematic review of the implementation stages of the Recommendations.

>> CHAIR: Thank you.

All right. Seeing no one else asking for the floor, so unless I see objections, I move that the Admin Committee note this document.

It is noted.

Before we move on to the next Agenda item, I would like to thank you for presenting your report to the Admin Committee.

Thank you very much.

The next Agenda item, 28, addressing GIU Recommendations, C17/64.

>> Thank you, Madam Chair.

Ladies and gentlemen, distinguished councilors, on behalf of the Secretary‑General I have the pleasure to present to you document C17/64 on accountability and transparency framework. The GIU in its report on the application of the principles of accountability and transparency in 2011 in the report accountability frameworks on the U.N. systems recommended to heads of services in the U.N. organizations have not yet developed a document on the principles of applying accountability principles as a priority. ITU management examines the Recommendations in 2015 and adopted Recommendations according to which the ITU Secretary‑General is supposed to press on with the development of the basic elements supporting the framework of accountability and transparency then to present it to the council in the 2017 session and every year to deliver a progress report to the ITU management is inspired by the principle of transparency in the ITU management vis‑a‑vis its members. Over the years ITU has identified the basic elements of accountability such as financial transparency policy, internal accountability structure in ITU, of professional management and management of risks presenting the results so this is now the advisory policy for the management of accountability and transparency and since ITU is part of the United Nations system ITU is free to pick up these documents out of their own system. The document brings together the main elements of ensuring accountability to the level of ITU and introduces those elements that were missing in the past.

Those which are described in the report in section 4 of the document you will find a detailed description of the three pillars, this framework, eight things that are disseminated across the ITU to develop specific Recommendations for Member States to develop appropriate mechanisms for the follow‑up and internal and external surveillance as well as other mechanisms. The IMAC report also points out the need for robust measures to implement further framework. In the Annex of the document you will find a detailed progress report towards the implementation of such benchmarks.

In conclusion, Madam Chair, I can reiterate that the ITU will continue this work adapting itself to the development of organization and the overall objective is that the ITU secures such a framework which is more results and management oriented. At the same time, having the necessary flexibility and interdependence in order to arrive at the best possible results and to obtain a transparency as one of the main prerequisites of accountability, this framework will be regularly examined in order to strengthen the institutional aspects and to make it more pertinent as well as taking on board new needs as well as an opportunity to introduce improvements in the future.

The ITU will make sure that this framework will remain adapted with the mandates of the union and the council is invited to take note of the implementation of the transparency framework of ITU.

Thank you, Madam Chair.

>> CHAIR: Thank you.

Document C17/64 is open for discussion. Are there any comments on this document?

United States.

>> UNITED STATES OF AMERICA: Thank you, Madam Chair. We appreciate the Secretariat's efforts to implement the accountability and transparency framework based on the Recommendation from the joint inspection unit. We believe that the ethics function, annual report should be included in pillar 2 as part of the internal controls framework. We would also ask for clarification as to what unacceptable behavior means in the five key principles in paragraph 7D and ‑‑ sorry, I just got a ‑‑ an update to my software which seems to take priority.

While the GIU Recommendations for senior compacts was not applied, we believe that senior compacts are a great tool to holding the managers accountable and setting the tone at the top. Both the U.N. and WHO have implemented manager compacts for senior officials.

Thank you, Madam Chair.

>> CHAIR: Thank you, United States.

>> Thank you, Madam Chair.

I thank the Distinguished Delegates of the United States for the question. Very apt question. Yes, ITU is just beginning to establish this accountability and transparency framework following the Recommendations of GIU from 2011. This is the first time, therefore, we're submitting this document for approval. It is in line with the Recommendation of the GIU which was presented to you last year. This is a living document which will be updated as the situation changes. We have started the process, when this is approved by your assembly we'll continue to improve the accountability and transparency rules.

>> CHAIR: Thank you t.

With that, I'll include the questions in the Admin Committee report.

Unless I see objection, I move to take note of this document C17/64.

Moving right along, C17/20.

>> Thank you, Madam Chair.

On behalf of the Secretary‑General I'm pleased to present document C17/20 on information technology and management strategy for the Secretariat. The 2016 review on management and administration in the International Telecommunication Union concluded that, and I quote, ITU operates in the fast changing ICT environment and faces strong competition from a number of other entities, especially the private sector in several domains in its core activities. This makes it crucial for the ITU to secure its place in the worldwide ITU universe and adapt itself to rapidly evolving external factors.

ITU now more than ever needs to face this challenge and adapt and transform to its value creation in the digital economy to an overall digital transformation. Information technology and information management strategy that is digital first and data‑driven, mobile and secure. The four main objectives in the strategy are to strengthen the members participation, facilitate access to data and information and to collaboration, enable operational efficiency and ensure a safe and secure working environment. Implementation of the new ICT strategy will allow the ITU to achieve the maximum benefit of information technology and increased security and ensure access to the right information at the right moment, enhance responsiveness to a changing environment and to deliver efficiency in support of the administrative functions. Council 2017 is requested to endorse the document.

Thank you, Madam Chair.

>> CHAIR: Thank you very much.

I now present document C17/20 as open for discussion. Are there any comments on this document?

Azerbaijan, you have the floor, please.

>> AZERBAIJAN: Thank you, Madam Chair. We thank the Secretariat for this report. Our question is how do we protect IT at ITU from cyber attacks.

>> CHAIR: Thank you, Azerbaijan.

You have the floor.

>> Thank you very much, Madam Chair.

I wish I had a magic ball I could look into on how we protect ITU. As you heard from the IMAC we're taking significant steps to protect the infrastructure and data of the union. We're doing a lot in the prevention area and we're beginning right now to do a lot in the recovery area. It becomes a difficult topic to discuss, about the digital identity, your digital assets, your digital communication and in all areas we are putting significant efforts into making partnership with the private sector so that we can benefit from those technologies that they're implementing.

Thank you, Madam Chair.

>> CHAIR: Thank you very much.

So we're invited to endorse this document. Unless I hear objections ‑‑ sorry. Germany, you have the floor.

>> GERMANY: Thank you, Madam Chair. While we have a question with regard to objective number 3, the question is along the lines, the connection with regard to access to the IT here in Geneva from the regional offices, what is the present status of this exercise and of course there's a general statement endorsing of this document.

Thank you very much.

>> CHAIR: Would you address objective number 3? Thank you.

>> Thank you, Madam Chair.

To the question from the German Delegation, access to the regional offices around the world are having more or less the same facilities and protection as we have at our headquarters it, we're incorporating them in a global, virtual private network.

Thank you, Madam Chair.

>> CHAIR: Thank you very much. With that, unless I see objections, I would like to move to have Admin Committee endorse document C17/20. I don't see anyone asking to go forward. This is endorsed.

Thank you very much.

With that, we're on Agenda item number 29. We're going to take item 29C17/23, the risk appetite statement and the draft policy, 17/74, we'll take those both together.

>> Thank you very much, Madam Chair.

Good morning, ladies and gentlemen.

On behalf of the Secretary‑General, it is my pleasure to introduce both document 74 and 73 which represents the draft ITU risk policy and the draft ITU risk appetite statement. The documents have been elaborated as part of the implementation of systematic risk management framework in the ITU as a follow‑up to the plenipotentiary resolutions 151 on implementation of results‑based management as well as Resolution 71 on the strategic plan of the Union. They are in line with the Recommendations from the 2016GIU review of management and administration Recommendation 6, specifically in that review. They're also relevant to the Recommendations of IMAC. The Secretariat would like to thank the IMAC for to the close collaboration, expert advice and input into the elaboration of these documents. We were pleased to see IMAC's recommendation number 1 which was just now presented to you by the IMAC Chair in document 22. ITU is implementing a systematic risk framework as a process of continues improvement of its managerial practices towards increasing efficiency, transparency, and accountability. Document 74 introduces the draft ITU risk management policy and describes the common methodology and framework for the implementation of risk management. The document presents the process of identification, communication and management of risks followed by best practices and suited to ITU specificities. The guidelines contained in the document are being applied throughout the elaboration and implementation of the operational plans for the sectors as well as for the general Secretariat.

This policy is complemented by a separate risk appetite statement that's contained in document 73 and it indicates the amount and type of risk that the Union is willing to take in order to meet its strategic goals and objectives.

This includes reference to both the organization's risk appetite as well as its risk tolerance.

With that, Madam Chair, we remain at your disposal for any questions, clarifications and council is invited to review document 73 and 74 and to endorse the policy and the risk appetite statement.

Thank you very much, Madam Chair.

>> CHAIR: With that, I open the floor for discussion for document 73, risk appetite statement, the draft risk appetite statement and document 74, the risk management policy.

Any comments?

The floor is open.

All right. I see no one asking to take the floor. .

Unless I see objections, I'm submitting this for ‑‑ both documents for endorsement by the Admin Committee.

Endorsed. Thank you very much.

We're coming to our last Agenda item for the day, item 30. If we go back to our discussion from last week we closed the meeting, and at the end of the meeting I have in my notes that U.S. wanted to take the floor regarding the C17/48. Before I give the floor to the U.S. to comment on document C17/48 I would ask if U.S. and Saudi Arabia, if there have been any Resolution to coming to consensus on how to implement the strategic implementations, both of you have documents in this.

First we'll take C17/48. U.S., you have the floor.

>> UNITED STATES OF AMERICA: Thank you, Madam Chair.

Just a reminder that document C17/48 contained some recent MOUs related to satellite network monitoring. We appreciate the Secretary‑General bringing these agreements to the attention of council and we support the establishment of MOUs that allow international monitoring systems to be used to determine the source of harmful interference but not the use of data for monitoring systems for validation of the master international frequency register.

The U.S. supported the adoption of Resolution 186 at the Busan plenipotentiary conference with the understanding that to the Resolution would support access to information by administrations to satellite monitoring facilities wishing to mitigate, detect or geo locate harmful interference with Article 15 of the radio regulations.

We don't support, however, the use of national monitoring assets for other purposes such as the confirmation of recorded frequency assignments. The Radio Regulations board has reported on this issue at the last two world radio conferences and our views are in line with that report. I also note that Resolution 186 invites the ITU council to consider and review any proposed cooperation agreements on the use of satellite monitoring facilities consistent with the objectives of the Resolution in light of their strategic and financial implications within the budgetary limitations of the Union.

Madam Chair, we appreciate that these MO Us have been brought to council. Our reading of Resolution 1 86 is that they should be brought to council before signature rather than after signature, but we do appreciate that they have been brought here.

Thank you, Madam Chair.

>> CHAIR: Thank you, United States.

Director, you have the floor.

>> DIRECTOR: Thank you, Madam Chair.

Yes, just ‑‑ I would like to indicate that these MOUs are actually identical to the one which was brought to the attention of the council previously and signed with Pakistan in 2015. The intent of the MOUs is not to have financial implications and not to have strategic implementations beyond what's described in Resolution 186. The main reason why they were brought to the attention of the council is that of continuity of the fact that we had brought the previous MOUs signed with Pakistan. If you remember, last year, I was questioning financial implications and I had indicated that these do not have financial implication, however, if they had to be used with financial implications, then we would come back to the council before meeting. As you see, there is no indication of anything that we would engage in any financial consequences for the union as a result of the MOU.

I hope this clarifies that and maybe to avoid this type of misunderstanding I would refrain to bring the new MOUs of that sort to the council or would you like to see them even though they don't have financial and strategic implication? Actually there is a solicitation to include MOUs in this document because, again, we don't seem to fit within the intent of the document.

Thank you.

>> CHAIR: Thank you, director.

With that, United States, does that address your question and ‑‑ okay. Thank you.

>> UNITED STATES OF AMERICA: Thank you, Madam Chair.

Resolution 186 requires that the MOUs be brought to council so we would like to have your practice continue, Director.

Thank you.

>> CHAIR: Noted. All right. So with that, I'm going to take these separately. I would like to ‑‑ unless I see objection, I will take note of the comments from Mr. Rancy and the United States. I ‑‑ we move to have document 48 noted.

Document 48 noted with the information provide by Mr. Rancy.

Moving on to document C17/93, C17/104. We have introduced these documents. I have my notes here that was no consensus on a path forward however we had the entire weekend.

I would like to ask if there was any movement towards a consensus on the path forward.

Here is my proposal: It is that I'm hesitant to have the Admin Committee send this back to the council Working Group on the financial and human resources.

The CWG, they have been looking at this issue since 2015 immediately after the plenipotentiary and there has been no Resolution. From that, I'm ‑‑ my perception is that this needs to go back to the plenipotentiary for further guidance and clarification. It is my ‑‑ it is the Recommendation of the Admin Committee that note these two contributions and that we note that the Secretary‑General should in his report to the plenipotentiary report on the challenges of implementing the Resolution. That is my proposal.

I don't have the Resolution number but ‑‑ thank you, I had a brain fart ‑‑ sorry. I'm ‑‑ I'm so sorry.

Yes. Resolution 192.

I am not recommending that this come back to council of 2018 either. It is included in the Secretary‑General's report to the plenipotentiary on the challenges of implementing this Resolution. Is that ‑‑ unless I see objections, Canada, you have the floor.

>> CANADA: Thank you, Madam Chair.

No, it is not an objection, but it is for further clarification. The report of the Secretary‑General to the plenipotentiary if I understood you correctly would be on the assertion that there are challenges associated with the implementation of the Resolution. I believe that what should be noted, there is an issue that merits further consideration if that's the consideration of council and if such consideration to this important matter should be addressed in the plenipotentiary conference. I don't necessarily agree with the premise that there are challenges in the implementation of the Resolution. I think that the challenge is on adopting guidelines that many Member States here present believe is an excellent way forward.

Thank you.

>> CHAIR: Thank you, Canada.

Thank you for that wise counsel. I will take note of that and in the Admin report to the council that should be noted.

With that, we have completed our work for this morning. Before we leave, I would like to get a report from the ad hoc ‑‑ the drafting group on INR. I understand that they met on Friday.

Mr. Jefferson, thank you. You have the floor.

>> Thank you, Madam Chair.

The ad hoc group held three meetings last week with the objective to arrive to a consensus regarding the augment of the new assignments of plenary and the feasibility of imposing that. We collected views of the matter and offered a place of questions for Member States, and answers from the Secretariat explaining in detail the costs involved in the management of the members. Including the information document 22 in which the former council decisions were presented. The opinions expressed basically the following views: They are to be considered for revenue regeneration, whether the fees are based on cost recovery or revenue generating or revenue generating surplus for the ITU, whether to require membership and whether the membership will be exempt from the annual maintenance fees. After all the clarifications became clear the following based principles, that ITU could only charge for those assigned to the operators such as INN and UIFN and that the reference price should be based on cost recovery. The output of the first two discussions permitted us to present the L5 proposing modifications to the formal council decisions.

Saudi Arabia expressed that part of the proposal included in the contribution, 106 was not discussed at the ad hoc group meetings. Saudi Arabia looks forward to continuing the discussion on other possibilities and to increase revenue for ITU in the ADM Committee. The ad hoc group invites the Committee to consider this report in new decisions in Annex 1 and Annex 2 of DT6 as presented to the Committee. That's my report, Madam Chair, for the deliberation of this Committee.

Thank you.

>> CHAIR: Thank you very much.

I really appreciate it.

We have one minute left. I'm hesitant to get into discussing this DT that ‑‑ we'll bring this back tomorrow.

So tomorrow we have all day ADM but I'm not sure if it will take all day. We have made considerable progress on our Agenda and tomorrow we have just some items that we moved around. We start at 9:30 tomorrow morning and I really appreciate everybody's help in getting to the Agenda. I would like to thank the interpreters and Caption First for the interpretation and the captioning for today.

Enjoy your lunch. We'll see you this afternoon in plenary.

Have a nice day. See you tomorrow.

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