

Summary Report of the 16th meeting

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

1 Introduction

- 1.1 The sixteenth IMAC meeting was held from 2 to 3 March 2017. In addition to its discussions with ITU officials about relevant topics, the Committee met with the Deputy Secretary-General of ITU for the closing debriefing session.
- 1.2 IMAC members submitted the Declaration & Statement of Private, Financial and Other Interests Forms for 2017 to the Ethics Office.
- 1.3 In this summary report the terms IMAC and Committee are used interchangeably.

2 Feedback from the UN Oversight Committees meeting

- 2.1 Members of IMAC took note of the Summary Record of the 1st Meeting of the UN Oversight Committees and the resulting letter to the UN Secretary-General. Copies were forwarded to ITU management. The main objective of the meeting was to exchange information on common challenges and potential good practices in the conduct of the oversight committees' work. The participants discussed current and emerging risks, (including in relation to fraud and corruption), cyber-security and digital transformation, and the maturity of enterprise risk management approaches across the UN system.
- 2.2 The Chair of IMAC participated in the meeting, which was held on 28 November 2016 at the United Nations Headquarters in New York with the participation of oversight committees of 19 UN system entities.

3 Feedback from the Telecom World

- 3.1 The Chair of IMAC briefed the members of the Committee on her participation at the ITU Telecom World event, which was held in Bangkok, Thailand from 14 to 17 November 2016.

4 Feedback from the Council Working Group on Financial and Human Resources (CWG-FHR)

- 4.1 The Chair of IMAC briefed the members of the Committee on her participation in the CWG-FHR. The participation was possible through the ITU interactive remote participation system.
- 4.2 The intervention of the Chair of IMAC was focusing on the overall progress in implementing the IMAC recommendations. Dr. Degen noted that IMAC and ITU operate in a relatively high level of transparency and availability of public information, and noted a relative high level of progress in particular in areas such as risk management.
- 4.3 The intervention was followed by a presentation on "Risk and Compliance Management" delivered by Mr. André Richartz, a renowned expert on the topic.

5 Internal Audit function

- 5.1 The Committee was briefed by the Head of Internal Audit on the status and the activities of the unit; on the Internal Audit plan for 2017; on the follow-up of Internal Audit recommendations. IMAC also reviewed the Internal Audit reports on External Experts' Contracts (item carried forward from the agenda of the 15th IMAC meeting); on Trust Funds; on Learning, Training & Professional Development; and on IT Contracts, Rental & Maintenance Services.
- 5.2 In relation to the Audit Reports on External Experts' Contracts and Learning, Training & Professional Development, IMAC noted that Internal Audit had identified deficiencies and inadequate procedures, in a number of cases on issues of high significance. The Committee encourage management to prioritize action and reinforce procedures on the areas covered by these audit recommendations.
- 5.3 IMAC routinely reviewed the status of management progress in implementing Internal Audit recommendations generally and noted that, while progress had been made, in IMAC's view management responsiveness could still be improved. IMAC took note of the fact that, even though audit recommendations had been agreed by management, no implementation dates were provided by management.
- 5.4 IMAC therefore continues to encourage senior management to ensure that recommendations, once agreed, are implemented without delay against deadlines agreed between the audited functions in the Secretariat and Internal Audit.
- 5.5 IMAC reviewed the Internal Audit Plan for 2017 and appreciated the comprehensive work undertaken, and noted the inclusion of an audit of the ITU Gender Equality and Mainstreaming Policy. While this is an important subject area for the Union's management to address, it did not arise from a clearly identified Internal Audit risk. In IMAC's opinion, such a review and assessment should more appropriately be carried out by other management expertise within the organization, rather than Internal Audit.

6 Financial Management

- 6.1 IMAC received a briefing from the Chief of the Financial Resources Management Department on the current financial management matters, including a presentation of the draft Budget for 2018-2019.
- 6.2 IMAC also noted the final text of the Statement of Internal Control for 2016, on which members of the Committee had already provided advice at the request of the Chief of FRMD.
- 6.3 The Committee inquired about the status of the ITU share of the guarantee fund with the ILO, the resolution of which remains outstanding.
- 6.4 IMAC confirmed with management that there had been no significant changes in the accounting standards or policies which would affect the financial statements for 2016.

7 External Audit

- 7.1 IMAC met with representatives of the External Auditors, the Corte dei Conti, to discuss the audit calendar and subject areas to be covered by the current year's audit.
- 7.2 The Auditors intended to use actuaries in their independent assessment of the assumptions in determining the ASHI liabilities.
- 7.3 IMAC inquired about the implementation of the new International Standards on Auditing (ISA 700) in relation to the form and content of the audit report. The Auditors confirmed that they intended to comply with the new requirements.
- 7.4 IMAC discussed the risk arising from the "massive wave of retirements expected in the near future (34% of the posts will become vacant in the next 10 years)" (§86 of the 2015 External Auditor's report – Doc. [C16/40+Add.1](#)).

7.5 IMAC also held a private session with the External Auditors.

8 Risk Management

- 8.1 IMAC reviewed the latest draft risk management policy and suggested that the policy could be further improved by incorporating the context of the organization's goals and objectives, which the policy serves. IMAC offered illustrative examples of policies approved by other entities. IMAC recommends that the revised version of the ITU policy should be submitted for approval to Council and subsequent implementation.
- 8.2 IMAC also reviewed the draft risk appetite statement; commended progress that had been made; and discussed ways in which the draft statement might be further improved to relate a little more explicitly to the ITU's strategic goals and objectives.

9 ITU HQ construction project

- 9.1 IMAC received a briefing on how the HQ premises construction project is taken forward. The Committee reflected that construction and infrastructure projects have a large number of special requirements. Complexity is aggravated by dependence on contractors, sub-contractors and suppliers. Third party risk management is necessary. In addition, construction projects are frequently exposed to risk of corruption, especially in relation to procurement.
- 9.2 In light of the technical complexity and risk involved in large construction and infrastructure projects, therefore, IMAC encouraged management to consider the merits of contracting, on a competitive basis, a professional project management firm with large construction project expertise, able to audit and review the governance and management controls in place at key phases during the construction. This would provide management and the Council with the assurance that the project is managed with due regard to economy, the environment, efficiency and effectiveness.

10 Ethics office

- 10.1 IMAC met with the Ethics Officer appointed 1st of November 2016. The Ethics Officer briefed the Committee on his key objectives and initial activities, which included the setup of an internal web page, a video with key internal stakeholders, and a staff survey on ethics.
- 10.2 IMAC welcomed the progress made and initiatives taken, and encourages ITU to increase the transparency of the emerging arrangements, both internally and externally, for the organization's benefit.
- 10.3 IMAC intends to continue regular discussions with the Ethics Officer.

11 Compliance and fraud management

- 11.1 IMAC met with the Head of Procurement, the Ethics Officer and the Internal Auditor. The Committee noted the existence of an awaited corporate fraud risk assessment, which had been conducted by a consultant for Internal Audit. The Committee expressed its wish to see the risk assessment report at the earliest opportunity so as to inform its further consideration of compliance and fraud management issues.

12 Oversight of field activities

- 12.1 IMAC received a second briefing from the Deputy to the Director of the Telecommunication Development Bureaux (BDT), Mr. Yushi Torigoe, on developments in addressing issues in relation to field operations, in particular compliance with security requirements, budget management and management oversight.

12.2 IMAC encourages BDT to continue to take steps to improve the oversight of field operations; and as a matter of priority to ensure that ITU complies with the applicable UN safety and security standards at field offices.

13 Meeting with the ITU Deputy Secretary-General

13.1 IMAC briefed the ITU Deputy Secretary-General on all the topics discussed by the Committee including areas where management may need to pay particular attention and where recommendations may arise in the Committee's annual report to Council.

13.2 IMAC took note of the physical security issues raised by the Deputy Secretary-General.

14 Next meeting of the IMAC

14.1 The Committee agreed to meet next on the 9th to the 11th of May 2017 in order to consider the financial statements and the External Auditor's report, and prepare IMAC's annual report to Council.