

Independent Management Advisory Committee

**ITU IMAC
SELF-ASSESSMENT
CHECKLIST**

(In order to reflect good practice and generally accepted principles, the content and format of this evaluation draws on independent external public sector templates, as also adapted and used in similar equivalent committees in a number of other United Nations entities eg WHO, WMO, WFP.)

May 2013

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
1. Relationships and Communication	
With the Council	
Is the IMAC a committee of the Council?	Yes (Resolution 162)
Does the Committee follow up relevant recommendations agreed by the Council?	As appropriate to IMAC's remit
Does the Chair have open lines of communication with the Council?	Yes via Council attendance, Council Chair and CWG FHR
Does the Committee periodically obtain assurance from the Council on the effectiveness of the IMAC?	IMAC established on a trial basis with review in 2014
Does the Committee make a formal annual report on its own effectiveness to the Council?	To incorporate for 2013
Do the Council agendas include a regular report from the IMAC?	Yes
Does the Report from the IMAC communicate recommendations to and/or for the Council?	Yes, as appropriate
Are outline agendas, without supporting papers, or alternative information made available to Council members to keep them up-to-date with the IMAC's work?	Yes via Sharepoint, Council Chair and CWG FHR
Does the Council receive the minutes or records of IMAC meetings?	Yes, as above
Does the Chair/the Committee meet with the Executive Head (Secretary General) and the Finance Director bilaterally at least once a year?	Yes, each meeting
With Internal Audit	
Does the Chair/the Committee have open lines of communication with the Head of Internal Audit (chief audit executive)?	Yes, each IMAC meeting
Does the Committee periodically seek the views of internal audit on the work and effectiveness of the IMAC?	Informally in regular open exchange with IAU.
Does the Chair/the Committee meet separately (in closed session) with the Head of Internal Audit at least once a year?	Yes
Does the Committee review/take note of the internal audit plan and audit reports?	Yes
Does the Committee review the scope and remit of internal audit in the organisation?	Yes
Does the Committee consider whether the scope of internal audit work addresses the significant risks?	Yes

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
Does the Committee examine individual terms of reference for internal audit's work?	As applicable
Does the Committee consider the experience and expertise of the audit team?	Yes
Does the Committee monitor internal audit's progress in undergoing quality assurance or peer review procedures?	Yes
Does the Committee monitor whether internal audit is working to professional standards relevant to the organisation?	Yes
Does the Committee monitor whether internal audit have the resources and right people with relevant expertise to carry out its remit?	Yes
Is the Committee Secretary role separate from internal audit?	Yes
Between internal and external audit	
Does the IMAC monitor the effectiveness of relationships between internal and external auditors?	Yes
Does the Committee consider whether internal and external audit have communicated and coordinated audit plans?	Yes
Does the Committee consider whether external audit places reliance on the work of internal audit?	Yes (no formal reliance placed by EA on IA)
Does the Committee discuss whether there are areas where joint working would be beneficial?	Through review of reports and plans
Does the Committee consider whether all audit services are joined up, including in-house operational audits?	Yes, implicit
Does the Committee expect internal and external auditors to communicate effectively with each other about understanding key business and operational risks, their assessments of risk areas and how their work will cover these key risk areas?	Yes
Does the Committee communicate this expectation to internal and external audit?	Where appropriate
Does the Committee require an annual report from internal and external audit on the extent of planned and actual co-operation between them?	Not expressly

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
With External Audit	
Does the Chair/IMAC have open lines of communication with external audit?	Yes
Does the Committee periodically obtain the views of external audit on the work and effectiveness of the IMAC?	N/A
Does the Chair/the Committee meet separately (in closed session) with external audit at least once a year?	Yes
Does the Committee's advisory role include participation in the external audit appointment process?	N/A yet. To be considered for future appointments To be addressed in due course
Does the Committee consider the experience and expertise of the external audit team?	As applicable
Does the Committee consider whether the external audit Director/Partner will spend sufficient time on the audit and whether time to be spent by other audit staff seems reasonable?	As applicable
Does the Committee monitor external audit compliance with applicable ethics guidance relating to the rotation of audit Directors/Partners?	As applicable
Does the Committee review the external audit plans and management letters?	IMAC review EA outputs including MLs. Plans to be considered in the future (new EA just appointed)
Does the Committee seek specific assurance regarding external audit's quality assurance procedures when considering the audit strategy?	To be pursued
Do the external auditors inform the Committee of key developments and issues at key stages of the audit?	To be confirmed
Does the Committee make suggestions to external audit regarding risk and problem areas the audit could address?	To be pursued through IMAC meetings
Does the Committee consider whether external audit focuses on the fundamental issues?	As appropriate by virtue of attendance at IMAC meetings
Does the Committee consider whether the external auditors have delivered fully against their plans?	Yes, through discussion and review of outputs, etc

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
<p>Does the Committee monitor the performance of external audit?</p> <p>Does the Committee review audit fees?</p>	<p>Through discussion of work and outputs</p> <p>N/A</p>
Communication with stakeholders	
<p>Does the Chair/IMAC have open lines of communication with stakeholders (including governing body members and senior management)?</p>	<p>Yes</p>
<p>Is the Committee's membership published in the organisation's Annual Report?</p>	<p>Not currently. Website in progress</p>
<p>Does the Annual Report contain a section on the roles and responsibilities of the IMAC and actions taken to discharge those responsibilities?</p>	<p>No</p>
2. Business Risk and Internal Control	
Assessing the scope and work of Internal and External Audit	
<p>Does the IMAC review whether the organisation's main risk areas are being addressed by internal and external audit?</p>	<p>Yes</p>
Monitoring risk management arrangements	
<p>Does the IMAC's role include monitoring the effectiveness of the organisation's processes for assessing business risks and the financial implications?</p>	<p>Yes via review of risk management infrastructure</p>
<p>Does the Committee ensure that internal and external auditors report to them on what they perceive as the key risks currently and in the short and long-term?</p>	<p>Yes</p>
<p>Do senior executives report to the Committee on how key business risks and their financial implications are being dealt with?</p>	<p>Risk management is a work in progress for the ITU Secretariat.</p>
<p>Do internal and external audit comment on any Council reports on how key business risks are being dealt with?</p>	<p>See above</p>
<p>Is the Committee involved in reviewing the effectiveness of internal control?</p>	<p>Yes</p>
<p>Does the Committee consider whether corporate governance is treated as a compliance exercise or is being used to provide benefit to the organisation?</p>	<p>Yes</p>
<p>Does the Committee consider whether the system of internal reporting gives early warning of control failures and emerging risks?</p>	<p>To be pursued</p>
<p>Does the Committee consider whether responsibility for each of the significant risks is sufficiently assigned to and owned by the appropriate senior official and members of the Council?</p>	<p>Systematic strategic risk management not yet implemented</p>

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
Does the Committee consider the need to raise the awareness of junior staff to the importance of risk management?	See above
Statement on Internal Control and assurance from Internal and External Audit	
Does the IMAC consider how meaningful the SIC is?	Statement of Internal Control to be produced. IMAC providing advice.
Does the Committee consider whether the SIC discloses adequately the processes for dealing with material internal control aspects of any significant problems disclosed in the annual report and accounts?	See above
Does the Committee take a view on the SIC?	See above
Does the Committee ensure that they receive from internal and external audit details on the operation of internal control, including any failures to implement recommendations accepted by the Council?	Yes, indirectly
Does the Committee take a view on whether the system of internal control has operated effectively throughout the reporting period?	Informally
Fraud	
Does the IMAC consider whether effective anti-fraud and corruption policies and procedures are in place and operating efficiently?	Through Secretariat and audit reports
Does the Committee consider whether arrangements have been established to deal with situations of suspected or actual fraud?	Indirectly
Does the Committee consider whether there is a code of conduct and whether it is properly distributed to employees?	To be addressed
Does the Committee consider whether a whistle blowers' hotline is required?	Not instituted

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
3. Roles and Remit	
Terms of Reference, roles and responsibilities	
Are the IMAC Terms of Reference approved by the Council?	Yes
Are the Terms of Reference reviewed at least annually?	Periodic review by IMAC
Do the Terms of Reference adequately define the Committee's role and provide it with sufficient membership, authority, time and resources to perform its role effectively?	Yes, subject to formal review
Does the Committee consider the impact on their workload of changes to their role?	Not yet applicable
Does the role of the Committee include review of business risk and internal control, independence and effectiveness of internal and external audit, maintenance of proper accounting records and quality of financial statements, policies against fraud, implementation of new systems, relevant tax and litigation matters involving uncertainty, compliance with laws and regulations?	No restriction placed on discussion or review
Does the Committee's role include obtaining assurances relating to the corporate governance requirements for the organisation?	Indirect only
Are the Terms of Reference consistent with accepted good practice?	In most respects
4. Meetings	
Frequency	
Does the Committee meet sufficiently often to monitor important issues?	Yes
Do the Terms of Reference set out the frequency of meetings?	Yes
Does the Committee's calendar meet the organisation's business needs, governance needs and the financial calendar?	Yes
Is there an adequate number of meetings a year eg 4, or 3 for smaller organisations?	Yes – 3
Can special meetings be organised to allow quick response to emergencies?	Yes, if needed
Timing and length	
Do the Terms of Reference set out the timing of meetings?	N/A
Are the meetings set for a length of time which allows all business to be conducted, yet is not so long that the meeting becomes ineffective?	Yes

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
Agenda management	
Does the Chair encourage full and open discussion and invite questions?	Yes
Are outline agendas planned ahead to cover issues on a cyclical basis?	Not yet needed
Does the Committee agenda exclude executive business so that there is no overlap with the work of the Council/governing bodies while still linking to the main elements of the organisation's business?	Yes
Are inputs on Any Other Business requested in advance from Committee members, Chief Executive, Finance Director, internal and external audit?	Not yet
Is the Council Secretary also the IMAC Secretary?	No
Attendance	
Do the IMAC Terms of Reference include rules for a quorum?	Yes
Are attendance records maintained and reviewed annually by the Council?	Not needed – IMAC's reports provide info.
Timing and content of IMAC papers	
Does management reporting to the IMAC communicate relevant information at the right frequency, time, and in a format that is effective?	Yes
Are agendas and supporting papers, together with brief executive summaries of papers, issued to all Committee members, internal audit and external audit, giving them at least a week to consider the papers in advance?	As appropriate
Are there oral reports to the Committee, supported by succinct, easy to read documents and presentations as appropriate?	Yes
Does the Committee issue guidelines on the format and content of the papers to be presented to the Committee?	No, but guidance provided on request or where needed
Is there a pro-forma for written reports to ensure focus on salient matters, clear recommendations, a timescale for completion, and the individuals responsible for implementation?	N/A
Location	
Are IMAC meetings rotated between locations to give the members the opportunity to see various operating sites?	N/A

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
Actions arising	
Are minutes/records of meetings prepared and circulated to the appropriate parties promptly?	Yes
Is a report on matters arising made and minuted at the Committee's next meeting?	Yes
Do action points indicate who is to perform what and by when?	As applicable
Are actions allocated to an identifiable single person, rather than joint responsibility?	As applicable
5. Financial Information and Regulatory Matters	
Understanding financial matters	
Does the IMAC consider how best to keep the Committee Chair abreast of public sector accounting requirements?	N/A
Does the Committee provide support to the finance function in explaining the effects of financial and reporting requirements to the Council?	As appropriate
Does the IMAC satisfy itself that: <ul style="list-style-type: none"> • the organisation keeps proper accounting records? • the annual financial statements present fairly the financial position of the organisation? 	<ul style="list-style-type: none"> • Via review of audit outputs • As above
Does the Committee gain an understanding of management's procedures for developing the organisation's financial report and the historical reliability of the organisation's financial reporting?	Indirectly
Does the Committee review the annual report and financial statements before signature by the Executive Head/Secretary General?	No but to be discussed with the S-G
Does IMAC consider specifically: <ul style="list-style-type: none"> • The suitability of accounting policies and treatments • Major judgements made • Large write-offs • Unusual credits • Last minute transactions • Changes in accounting treatment • Unusual financial trends • Unusual financial statement relationships • Accounting treatments varying from the sector norm • The impact on going concern of fundamental issues in the business • The reasonableness of accounting estimates • The reasonableness of other accounting entries requiring judgement • Reporting on the wider financial aspects of the business eg the operating 	<ul style="list-style-type: none"> • Yes, indirectly • Yes, indirectly • Not yet • Not yet • No • As applicable • Yes, indirectly • No • Informally • Not formally • No • No

- and financial review
- The narratival aspects of the reporting?

- No
- No

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
Does the IMAC consider whether there is a risk of the accounts being qualified by the external auditors?	Yes
Does the Committee review the Letter of Representation before signature by management and give particular attention to non-standard issues of representation?	No
ISA 260 and External Audit	
International Standards on Auditing (ISA 260) require the communication of audit matters to those charged with governance (governing bodies of entities). Does the IMAC liaise fully with the external auditors on matters concerning the financial statements?	Informally
Is there discussion of the unadjusted misstatements in the draft financial statements?	To be pursued
Do the Committee consider why unadjusted errors in the draft financial statements detected by the external auditors are not corrected?	To be pursued
Compliance with regulations	
Does the IMAC review whether the organisation complies with regulatory matters affecting the entity?	Indirectly
Does the Committee monitor whether the organisation's procedures for identifying and managing business risk have regard to relevant legislation and regulations?	Procedures not yet developed
Does the Committee enquire into whether there are procedures for making all employees aware of whistle blowing procedures?	N/A
6. Membership, Induction and Training	
Size	
Is the membership of IMAC in the range of 3 to 5?	Yes
Are the numbers attending the Committee's meetings (members and non-members) sufficient to deal adequately with the agenda, but not so many as to blur issues?	Yes
Does the Committee ensure that the right people attend, especially those who will have meaningful input on agenda items?	Yes

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
Membership	
The Chairmanship of the Committee and the Council should not be combined. Is this the case?	Yes, not combined.
Do the Chairs of the Committee and the Council and the other appropriate parties in governance consult widely before making recommendations on membership of the Committee?	Not yet applicable
Is the Head of Internal Audit invited to attend IMAC meetings rather than being a member?	Yes
If there is executive membership, is this rotated on an appropriate cycle (eg. 3 years)?	N/A. Committee independent.
Is the Committee membership wholly or mostly composed of non-executive or independent members?	Yes, all independent.
Is the Committee Chair non-executive and independent?	Yes
Is the appointment of Committee members for an appropriate period of time (eg.3 years)?	Yes, 4-year term.
Independence, skills, experience	
Does the Council ensure that the membership of the IMAC demonstrates independence and the required mix of skills and experience?	Yes
Do the Committee's corporate competencies include accountancy skills/recent and relevant financial experience/risk management/audit/technical skills relevant to the organisation/an understanding of the public sector/UN environment?	Yes
Does the Committee set down requirements for areas of collective understanding?	Yes. Terms of Reference refer.
Is there a formalised process for the Council to consider what IMAC members bring to the Committee/the organisation?	Via review of IMAC performance
Do the assessment criteria include knowledge, experience, personal qualities, time available?	N/A
How do candidates declare interests before appointment?	Independently conducted selection process

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
Are members required to declare interests in a register of interests and declare conflicts of interest on agenda items?	Annual formal declaration of interests, reported to the Chair of Council.
Are Committee members subject to regular appraisal by the Council?	As a Committee
Dynamism and performance of IMAC	
Does the Council ensure that the membership of the IMAC retains its dynamism?	Indirectly via formal review after initial 4 years
Have recent developments created a need for a review of the work of the IMAC?	See above
Does the IMAC assess its effectiveness annually?	As appropriate
Does the Committee make a formal annual report on its own effectiveness to the Council?	Addressed via reporting to Council
How does the Committee benchmark itself against others?	Informally through experience of other UN bodies and Council review
As part of self-assessment, does the Committee discuss the quality of the information it receives and make recommendations to the Council on its training needs?	Via the Secretariat as appropriate
Induction of new members	
Do new members receive a copy of the Terms of Reference, a formal letter of appointment setting out responsibilities, term and remuneration?	Yes (NB membership is pro bono)
Do new members receive recent financial statements and other public reports, executive summaries of internal audit reports, commentaries on how recommendations have been followed up, external audit management letters, codes of conduct etc?	As appropriate via IMAC
Is there an induction for new non-executive members?	Informal

GOOD PRACTICE QUESTIONS	RESPONSE/ ACTIONS REQUIRED
<p>Is there an induction checklist for new IMAC members, including for example:</p> <ul style="list-style-type: none"> • Site visits where relevant • Attendance at Council • Meeting with risk manager • Meeting with corporate quality manager • Meeting with head of Internal Audit • Meeting with External Audit <p>Do the new members visit relevant business/operational locations?</p>	<p>N/A</p>
<p>Access to advice</p> <p>Does the IMAC Chair contact the Chair of the Council for approval for access to legal or other professional advice?</p> <p>Does the Council ensure adequate budget to keep the members of the Committee updated on their role and provide access to legal and professional advice where necessary?</p>	<p>Terms of Reference refer</p> <p>Implicit in the arrangements approved by Council.</p>

SOURCES OF GOOD PRACTICE USED TO COMPILE THIS CHECKLIST TOOL

Inter alia:

United Nations entities	Self assessment arrangements for audit/oversight committees used in various UN Specialized Agencies and entities
United Nations	Report on Comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies (document reference A/60/883)
UN Joint Inspection Unit	JIU Report JIU/REP/2010/5 on The audit function in the United Nations system and other JIU practice guidance
UN Joint Inspection Unit	JIU Report JIU/REP/2006/2 Oversight lacunae in the United Nations system
UK National Audit Office	Various good practice guidance on governance and audit committees
UK Financial Reporting Council**	The Combined Code on Corporate Governance
ICAEW* Audit and Assurance Faculty	The Power of Three: Understanding the Roles and Relationships of Internal and External Auditors and Audit Committees
ICAEW* Audit and Assurance Faculty	Guidance for Audit Committees – <ul style="list-style-type: none"> • Company Reporting and Audit Requirements • Working with Your Auditors • Reviewing Auditor Independence • Evaluating Your Auditors
HM Treasury	The Audit Committee Handbook
ICAEW* Audit and Assurance Faculty	The Effective Audit Committee: A Challenging Role
ICAEW* Audit Faculty	Audit Committees – A Framework for Assessment
Financial Reporting Council**	Guidance on Audit Committees
Hepworth, Noel and de Koning, Robert	Audit Committees in the Public Sector – A Discussion Paper, May 2012

* Institute of Chartered Accountants in England and Wales.

** Independent regulator responsible for promoting high quality corporate governance and reporting, the UK's leading audit regulator.