|  |  |
| --- | --- |
| **Council 2015Geneva, 12-22 May 2015** |  |
| **INTERNATIONAL TELECOMMUNICATION UNION** |  |
|  |  |
| **Agenda item: ADM 10** | **Addendum 1 toDocument C15/65-E** |
| **20 May 2015** |
| **Original: English** |
| **Note by the Secretary-General** |
|  |

Please find in annex the presentation of the report by the External Auditor on the Union's accounts.

**Annex:** 1

Distinguished Delegates,

We (my colleagues and I) are very pleased to have the opportunity to present you, on behalf of the President of the Corte dei conti Mr. Raffaele Squitieri, the audit certificate and the audit report concerning the financial statements as at 31 December 2014 of the International Telecommunication Union.

According to the results of the audit and analyses we carried out of the financial data recorded in the financial statements, we have issued an “unqualified audit opinion” which underlines that **ITU’s financial statements for 2014 present fairly, in all material respects, the financial position of the International Telecommunication Union as at 31 December 2014, as well as for the year then ended, the financial performance, the changes in net assets, the cash flows and the comparison of budget and actual amounts, in accordance with IPSAS and the Financial Regulations and Financial Rules of the ITU.**

In the above-mentioned certificate, we have also stressed with an “emphasis of matter” the issue of After Service Health Insurance (ASHI) actuarial liabilities, a focal point of our audit report, which requests for measures to be undertaken and monitored, in order to assess their effectiveness, by the Management.

The audit report, annexed to the audit certificate and issued according to the Financial Regulation and Financial Rules (as well as the additional terms of reference governing external audit) of the Union, underlines the main data of the financial statements. The report also presents, according to our audit methodology, suggestions and recommendations addressed to the Management and linked with issues we have considered relevant to underscore: **Recommendations** fall under the follow-up process carried out by the Council’s Working Group on Financial and Human Resources; **Suggestions** are only followed up by the External Auditors.

An example of these recommendations and suggestions can be found in the above-mentioned After Service Health Insurance liabilities issue. In this regard, we have assessed the compliance of the recorded value of these liabilities with the actuarial assumptions chosen by the Management, due to the relevant impact of that value on the statement of financial position of the ITU.

According to the results of our audit, we have validated these assumptions as they have been considered **in line with economic trends and rates and consistent with data available at ITU at the moment of our audit**. We have also suggested the Management **to review at the end of year 2015 whether some assumptions might merit further revision**.

Our audit confirmed that the amount recorded in the accounts was substantially correct.

In consideration of the amount of these liabilities and of their underfunding, we have recommended the Management:

1. To consider some remedial measures (that we have exposed and proposed as “drivers”) and to address the issue to the attention of the Council;
2. To monitor these drivers in order to ensure adequate “pay as you go” and long-term funding;
3. To carry out a full actuarial review study in order to evaluate whether and when the ITU financial health might be compromised, in the long-term scenario, by the provisions of the Health Insurance Scheme.

Our report also presents the results of the audit we have carried-out on other issues, for example on publications, procurements, personnel management, low-value assets and lost or stolen items. Proper consideration it gives to the Management’s follow-up to previous years external audit recommendations.

Furthermore, according to the Financial Regulations and Financial Rules of the Union, we have certified the account concerning the projects financed by the United Nations development Programme (UNDP), Information Communication Technology Development Fund (ICTDP); we have also issued an *ad hoc* report focused on the management and the results of the Telecom World event 2014, held in Doha.

My colleague Giacinto Dammicco will refer on the main issues dealt with in this report.

Distinguished Delegates, we welcome and will be pleased to answer your questions on the content of our audit reports.

We would like to sincerely thank the ITU Management and staff for their kind and professional co-operation and helpfulness in providing us with the information and documentation we needed to better perform and carry out our audit activity.

Thank you very much for your attention.