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| **Council 2020** |  |
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| **Agenda item: ADM 27** | **Document C20/78-E** |
| **6 November 2020** |
| **Original: English** |
| Report by the Secretary-General |
| Creation and Funding of a New Investigation Function |

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| SummaryAt the Virtual Consultation of Councillors in June 2020, it was noted by the Chairman, in Document VC/17-E, that (1) the Virtual Consultation wished to propose to the next physical meeting of the Council that it endorse the reinforcement of ITU’s investigation function through the creation of an independent and dedicated position, at the P.5 or P.4 level, to be financed through a withdrawal from the Reserve Account, and (2) at the next physical meeting of the Council that the secretariat incorporate in the Internal Audit Charter the new investigation function terms of reference as proposed in Document VC/8 for the Council’s consideration, and to rename the charter the “Internal Audit and Investigation Charter”.The proposed Internal Audit and Investigation Charter is in the Annex to this report.Action requiredThe Council is invited to **approve** the reinforcement of ITU’s investigation function, through the creation of a dedicated position, at the P.5 or P.4 level, being placed in the Office of the Secretary-General and under the Secretary-General’s supervision, to be financed through a withdrawal from the Reserve Account, and to **take note of** the proposed Internal Audit and Investigation Charter.\_\_\_\_\_\_\_\_\_\_\_\_ReferencesDocuments [VC/8](https://www.itu.int/md/S20-CLVC-C-0008/en), [VC/17](https://www.itu.int/md/S20-CLVC-C-0017/en), [C20/50](https://www.itu.int/md/S20-CL-C-0050/en), and [CWG-FHR-11/15](https://www.itu.int/md/S20-CWGFHR11-C-0015/en) |

1. In Document [VC/17](https://www.itu.int/md/S20-CLVC-C-0017/en): Summary Record of the Third Meeting, Thursday, 11 June 2020, Virtual Consultation of Councillors, the following is noted:

*The Chairman took it that the virtual consultation wished to propose to the next physical meeting of the Council that it endorse the reinforcement of ITU’s investigation function through the creation of an independent and dedicated position, at the P.5 or P.4 level, to be financed through a withdrawal from the Reserve Account; to encourage the secretariat to ensure that the proposal was in line with the existing legal/regulatory framework of ITU; to encourage the secretariat to review and update the existing policies, as appropriate, taking into consideration the best practices in the other organizations of the United Nations system, as well as the recommendations of the JIU; and to propose to the next physical meeting of the Council that the secretariat incorporate in the Internal Audit Charter the new investigation function terms of reference as proposed in Document VC/8 for the Council’s consideration, and to rename the charter the “Internal Audit and Investigation Charter”.*

1. The proposed Internal Audit and Investigation Charter is in the Annex to this report. The proposed Charter amends the existing Internal Audit Charter, which was last revised in 2013. The proposed Charter introduces a separate Investigations Unit as discussed at the Virtual Consultation of Councillors.
2. It is a priority that a Head of Investigations position be approved so that ITU can advertise and recruit for this position. The number of complaints of misconduct as of 1 October 2020 is already equal to the number of complaints of misconduct received in 2019. It was previously noted by the Secretariat that in 2019, ITU had spent nearly CHF 200’000 in fees to various external investigators hired on an *ad hoc* basis to complement the current in-house investigation capacity mentioned above.
3. ITU notes that further work is needed in the months to come to integrate the new Investigation Unit into the relevant texts in ITU’s policies. The ITU Investigation Guidelines will be completed and updated. Most importantly, a comprehensive review of the disciplinary procedures will occur following the approval of the Head of Investigations position. Moreover, ITU recognizes the Internal Audit Charter has not been updated since 2013 and a further review to other aspects of the charter may be required. ITU has already started, and is committed to, reviewing and updating existing policies, as appropriate, and taking into account the of contributions from Member States during the Virtual Consultation of Councillors.

***Annex: 1***

ANNEX

INTERNAL AUDIT AND INVESTIGATION CHARTER

**A. INTRODUCTION**

1) Internal auditing and investigation are defined in ITU as independent functions assisting the Secretary-General in fulfilling the internal responsibilities entrusted to the Secretary-General of ensuring that the organization is managed effectively, efficiently and economically, and in conformity with the applicable regulations and rules. These functions encompass, in particular, the deterrence and prevention of waste, mismanagement and misconduct in the operations and programmes of ITU.

2) ITU Internal Audit is an independent, objective assurance and consulting activities designed to add value and improve the ITU’s operations and to enhance their integrity. The purpose of ITU Internal Audit is to help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. ITU Investigations are independent, objective administrative proceedings designed to conduct formal fact-finding inquiries. The purpose of ITU Investigations is to examine allegations of, or information concerning, behaviour that may amount to misconduct, in its largest sense according to the ITU internal administrative and regulatory framework, to help the organization determine whether some reprehensible conduct exists and, if so, the person or persons responsible.

**B. ORGANIZATION**

3) ITU Internal Audit and Investigation are part of the Office of the Secretary-General and are under the direct authority of the Secretary-General.

**INTERNAL AUDIT UNIT**

**C. RESPONSIBILITIES AND SCOPE OF INTERNAL AUDIT ACTIVITIES**

4) ITU Internal Audit is responsible for performing independent audits and inspections to ensure the effective, efficient and economical management and use of the financial, human, technological and intangible resources of ITU.

5) ITU Internal Audit shall plan, organize and implement a comprehensive internal auditing programme. The general scope of this programme shall be determined by the Head of ITU Internal Audit, in consultation with the Secretary-General, the Deputy Secretary-General and the Directors of the Bureaux. This scope must encompass, on an ITU-wide basis, the examination and evaluation of the adequacy and effectiveness of the ITU’s governance, risk management processes, system of internal controls, and the quality of performance in carrying out assigned responsibilities to achieve the ITU’s goals and objectives. Within this framework, the Head of ITU Internal Audit shall, on an annual basis, establish a risk-based plan to determine the priorities of ITU Internal Audit. Prior to the commencing of the year, the audit plan shall be submitted to the Independent Management Advisory Committee (IMAC) for review and to the Secretary-General for final approval.

6) The Head of Internal Audit shall:

a) ensure implementation of the annual audit plan, report the results of audit examinations and opinions formed, make recommendations to managers for action, follow up as appropriate to determine whether effective action has been taken within a reasonable time and report thereon, in accordance with the reporting procedures outlined in this Service Order;

b) maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter;

c) coordinate auditing activities by cooperating with the External Auditor in order to ensure effective audit coverage and minimize duplication of efforts, having due regard to each party's responsibilities and follow up, as appropriate, on the implementation of the External Auditor’s recommendations;

d) maintain close relationship with the other internal auditors within the United Nations system and, more generally, oversight services of the United Nations system.

7) ITU Internal Audit shall examine and appraise the manner in which activities are carried out at all organizational levels. All ITU systems, processes, operations, functions and activities, as well as funds made available to grantee institutions, are subject to internal audit oversight.

8) ITU Internal Audit shall, in particular:

a) review and appraise the reliability, accuracy and adequacy of financial management, administrative and internal operating control systems, and other general management systems;

b) ascertain the extent to which all activities and transactions, financial or otherwise, comply with the governing purpose, rules, regulations or other relevant financial or administrative directives of ITU;

c) determine the extent to which and the means by which assets are safeguarded from loss;

d) assess measures taken to prevent fraud, waste and malfeasance;

e) analyse the degree of efficiency and economy in the use of human, technological, financial and intangible resources within ITU;

f) ascertain the reliability and adequacy of planning, budgetary and management data developed within the organization;

g) review and appraise operations or programmes to ascertain whether they are being carried out as planned and whether the results are consistent with the established goals and objectives.

**D. PREROGATIVES AND DUTIES**

9) In order to ensure the independence and credibility of audit and oversight operations within ITU, ITU Internal Audit is the sole entity entitled to perform internal audits. Only persons assigned by the Secretary-General to ITU Internal Audit will be referred to as internal auditors and only their work will be officially referred to as internal audit activities.

10) ITU Internal Audit shall have full, unrestricted and prompt access to all ITU personnel, records, documents and other materials, assets and premises, and operations and functions within ITU in order to obtain such information and explanations as considered necessary to fulfil internal audit’s responsibilities. The Secretary-General will guarantee the right of all staff to communicate any information confidentially and without fear of reprisal.

11) In order to preserve independence, so that audit work can be carried out objectively and give impartial judgements, staff of ITU Internal Audit shall have no managerial authority over, nor responsibility for, any of the activities they audit or investigate, and shall not perform accounting or other operational functions within ITU.

12) ITU Internal Audit shall respect the confidential nature of information and shall use such information with discretion and only insofar as it is relevant to formulating an audit opinion.

13) ITU Internal Audit shall conduct audits in a professional and positive manner with due professional care and in accordance with the United Nations system Internal Auditing Standards.[[1]](#footnote-1) The conclusions of audits shall be shared with the managers concerned, who shall then be given the opportunity to provide management comments.

**E. REPORTING**

14) The Head of ITU Internal Audit shall submit internal audit reports to the Secretary-General.

15) Internal audit reports shall include the comments of the managers concerned.

16) Copies of internal audit reports shall be sent to the head of the organ (Sector, Department, Service, Unit) which has been the object of the audit, under a covering note by the Secretary-General and will be made available to IMAC.

17) The Secretary-General shall ensure that all audit recommendations are responded to and implemented where appropriate. Responses should include complete information on actions taken in respect of each recommendation and should be forwarded to the Head of ITU Internal Audit.

18) For matters of a routine nature which do not necessitate formal reporting, the Head of ITU Internal Audit will issue audit communications to the managers concerned.

19) The Head of ITU Internal Audit shall prepare and submit to the Secretary-General and to IMAC an annual report on internal audit activities, including the orientation and scope of such activities. This report will be submitted and presented to Council for discussion.

**F. INDEPENDENCE**

20) To provide for the independence of the ITU Internal Audit, its staff reports to the Head of ITU Internal Audit, who reports administratively and functionally to the Secretary-General. The IMAC shall have unrestricted and confidential access to the Head of ITU Internal Audit and vice versa. The Head of the ITU Internal Audit will report to the IMAC on the status and adequacy of resources.

**G. CONSULTING SERVICES**

21) The Head of ITU Internal Audit may provide consulting services within ITU. These consulting services are intended to add value and improve the ITU’s governance, risk management, and control processes without ITU Internal Audit assuming management responsibility.

**H. APPLICATION OF IIA STANDARDS AND CODE OF ETHICS**

22) ITU Internal Audit shall abide by the Institute of Internal Auditors’ (IIA) International Standards for the Professional Practice of Internal Auditing, including the IIA’s Code of Ethics.

**INVESTIGATION UNIT**

**I. RESPONSIBILITIES AND SCOPE OF INVESTIGATION ACTIVITIES**

23) ITU Investigations Unit is responsible for performing independent investigations to ensure the effective, efficient and economical management and use of the financial, human, technological and intangible resources of ITU.

24) ITU Investigations Unit shall plan, organize and implement a comprehensive investigation programme, including the development and implementation of investigation policies and procedures, in accordance with the *Uniform Guidelines for Investigations*.[[2]](#footnote-2) The general scope of this programme shall be determined by the ITU Investigations Unit, in consultation with the Secretary-General.

25) As part of its work programme, the ITU Investigations Unit shall investigate allegations, or presumptions, of misconduct and Proscribed Practices, in accordance with ITU policies and procedures. The ITU may establish procedures for the ITU Investigation Unit to investigate allegations, such as fraud and corruption, concerning ITU implementing partners and vendors.

26) Investigations shall respect individual rights of participants to the investigation and be conducted in accordance with the applicable policies and procedures.

27) Upon completion of such an investigation, the Investigations Unit shall submit a confidential written report to the Secretary-General, for his/her consideration.

**J. PREROGATIVES AND DUTIES**

28) As the entity to which investigations to be performed in ITU are entrusted, and in order to ensure the independence and credibility of investigations within ITU, ITU Investigations Unit sets procedures, practices and standards for investigations in ITU.

29) ITU Investigations Unit shall have full, unrestricted and prompt access to all ITU personnel, records, documents and other materials, assets and premises, and operations and functions within ITU in order to obtain such information and explanations as considered necessary to fulfil the ITU investigation’s responsibilities. The Secretary-General will guarantee the right of all staff to communicate any information confidentially and without fear of reprisal.

30) The Investigations Unit may undertake proactive integrity reviews in high-risk areas that are susceptible to fraud, corruption and other wrongdoing.

31) In order to preserve independence, so that investigations work can be carried out objectively and give impartial assessments, staff of ITU Investigations Unit shall have no managerial authority over, nor responsibility for, any of the activities they investigate, and shall not perform accounting or other operational functions within ITU.

32) ITU Investigations Unit shall respect the confidential nature of information and shall use such information with discretion and only insofar as it is relevant to the investigation.

33) ITU Investigations Unit shall conduct investigations in a positive manner and shall at all times apply and uphold the principles of integrity, objectivity, confidentiality and professionalism in fulfilling the responsibilities assigned under this Charter.

34) The Investigation Unit shall avoid situations of actual, perceived or potential conflict of interest that may otherwise impair their judgment in relation to the responsibilities assigned to them. The head of the Investigation Unit shall disclose any actual, perceived or potential conflict of interest to the Secretary General or the Ethics Officer.

35) Allegations of misconduct against the Head of ITU’s Investigation Unit shall be reported to the Secretary-General who shall inform, without delay, the Chair of the ITU Council and seek the IMAC’s advice on how to proceed.[[3]](#footnote-3)

**K. REPORTING**

36) The ITU Investigations Unit shall submit investigation reports to the Secretary-General. Investigation reports and related materials are strictly confidential, unless disclosure is authorized by the Secretary-General.

37) If the Investugation Unit determines on a prima facie basis that criminal or regulatory laws of any country may have been violated, it may at any time, recommend to the Secretary-General that the matter be referred to appropriate governmental authorities

38) The ITU Investigations Unit shall prepare and submit to the Secretary-General an annual report of the Unit’s activities. The report shall be submitted and presented to Council for discussion a summary of the status and final disposition of investigation cases and information on investigation resources.

**L. INDEPENDENCE**

39) To provide for the independence of ITU Investigations Unit, its staff report to the head of the Unit who reports administratively and functionally to the Secretary-General without prejudice to operational independence in discharging his/her duties and responsibilities under this Charter.

40) The head of the Unit shall exercise operational independence in the conduct of his/her duties. She/he shall remain free from any interference, including regarding the selection, scope, procedures, frequency and timing of investigation activities, access to records and the communication of results.

41) The head of the Unit shall have managerial responsibility and control over their respective human and financial resources, in conformity with ITU's regulations, rules and policies

42) The Secretary-General shall appoint a head of the Unit that is a technically and professionally qualified individual with relevant experience in investigations, preferably in an international environment.

**Approval and Revision**

43) The Internal Auditor and Head of the Investigation Unit shall jointly review the Charter periodically, but at least every three years, and propose changes when necessary for review by IMAC and endorsement by the Secretary-General. Any revision shall be submitted to the ITU Council for approval. Review of the Charter may also be requested by the ITU Council at any time.

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1. At the 33rd Meeting of the Representatives of the Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions (RIAS) in 2002, the Institute of Internal Auditors’ new Professional Framework, including the revised definition of internal auditing, the Code of Ethics and the Standards was adopted. [↑](#footnote-ref-1)
2. As endorsed by the 10th Conference of International Investigators in 2009, or any of the versions endorsed by subsequent Conferences. [↑](#footnote-ref-2)
3. The Terms of Reference of the IMAC are in the annex to Resolution 162 (Rev. Busan, 2014). [↑](#footnote-ref-3)