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| **Council Working Group on  Financial and Human Resources**  **Eleventh meeting – Geneva, 3-4 February 2020** |  |
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|  | **Document CWG-FHR-11/8** |
| **18 December 2019** |
| **English only** |

**Contribution by the Secretariat**

FOLLOW-UP ON THE RECOMMENDATIONS OF THE EXTERNAL AUDITOR

The follow-up on the recommendations of the External Auditor includes:

- the recommendations made in the External Auditor’s Report on the audit of the financial statements for 2018;

- the recommendations made in the External Auditor’s Report on the Audit of the Union’s accounts on ITU Telecom World 2018;

- the recommendations made in the Special Report of the External Auditor on Regional Offices.

## Follow-up on the External Auditor’s recommendations relating to the ITU Financial Operating Report at 31.12.2018

| **N.** | **Recommendation raised by the Italian Corte dei conti** | **Comments received from Secretary-General at the time of the issuance of the report** | **Status as reported by ITU Management** |
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| **Rec**  **1/2018** | We renew our Recommendation 1/2012, therefore we recommend that in order to operate on bank accounts at least dual signatures are required as a general rule and in any case to make an effort to ensure that the conditions for joint signatures and individual signature above the threshold of 5,000 USD, be complied with. | We take note of this recommendation. A dual signature is already in place in all the banks and all staff movement are also reflected. We will do a review of all our banks to make sure our instructions have been properly registered. | **Update as of December 2019:**  We have done a full review of the authorized signatories to ensure our instructions are properly registered.  We will follow up on this file beginning of 2020 by reviewing the bank confirmations as at 31.12.2019. |
| **Rec**  **2/2018** | Considering the directions provided by IPSAS 39, we recommend that Management, despite having decided to adopt the discount rate deriving from a thirty-year yield curve for high-quality corporate bonds in Swiss Francs, should also disclose in the notes to the Financial Operating Report, the amount of the ASHI actuarial liabilities calculated using the discount rate of the long-term Swiss government bonds, starting from the Financial Statements for 2019 | We take note of this recommendation. A sensitivity analysis will be requested to our actuary for 2019. The amount of the liability calculated with on a discount rate based on the long-term Swiss government bonds will be disclosed in the note of the financial operating report 2019 | **Update as of December 2019:**  We met our actuaries and have requested to do the 2019 valuation based on the two different discount rates as recommended.  The 2019 report will be available in February and the result will be disclosed in the financial operating report. |
| **Rec**  **3/2018** | We recommend that: (i) the new Procurement Procedures in force since April 2019 for low value procurement and for procurement below CHF/USD 20,000 should also apply to the implementation of technical assistance projects under the United Nations Development Programme (UNDP) and Funds-in-Trust arrangements, and that (ii) Management should monitor effectively all Purchase Orders below the threshold of CHF/USD 20,000 | This recommendation is already implemented. While it was not explicitly stated in the new procedures in force since 1 April 2019, it has been implicitly understood and introduced to all internal stake holders at ITU as applying to all procurement cases which fall under these procedures irrespective of funding source, and it is as such that it has been applied since 1 April 2019. In order to ensure that no doubts remain in this regard, the text of the new procedures has been updated to state that these apply irrespective of funding source. | **Update as of December 2019:** Implemented. The Basic Rules were abrogated at Council in June 2019. The ITU Procurement Manual, introduced in June 2019, now governs all procurement at ITU regardless of funding source**.** |
| **Rec**  **4/2018** | We recommend that Management update the ITU SRM software in order to allow the automatic monitoring of the POs or contracts above CHF 20,000 per vendor per calendar year. | We take note of this recommendation. Today, online reports from the ERP system are available including “Purchase orders including total amount per vendor”. | **Update as of December 2019:** The update of the ERP has been implemented in November 2019. |
| **Rec**  **5/2018** | We recommend setting up guidelines that cover all aspects of the process for selecting suppliers. The procurement process should be reviewed by the Regional Director and the preferred supplier approved by the Regional Director. | Management reported that, in accordance with the new procurement procedures introduced on 1 April 2019, the Project Manager will only be involved in low value procurement below CHF 5,000 per transaction, with an annual threshold of CHF 20,000. Above CHF 5,000, the Shopping Cart will be sent to PROC for bidding to be carried out by PROC, provided no waiver applies. This way, the Project manager will no longer be involved in bidding (inviting suppliers), as was the case in the past. We will monitor the implementation of the new procedures in the context of our future audits. We note that the Regional Director has no role in the new procedure; we think that consideration should be given to his/her position as a key figure in the framework of internal controls. | **Update as of December 2019:** The new procedures introduced in April 2019 are also included in the ITU Procurement Manual introduced in June 2019. |
| **Rec**  **6/2018** | We consider that, allowing the Project Manager to access the mailbox where offers are collected might have influenced previous procurement procedures, and we also stress that there is a high risk of bid rigging. Therefore, in order to improve controls, we recommend that the staff/Project Manager should only have access to the offers received after the deadline for presenting them (for example, by establishing that bids be sent to the Procurement Division and forwarded to the Project Manager after the deadline). | Management highlighted that, with the new procurement procedures, Project Managers in regional offices will typically only seek quotes for low value procurement. For above CHF 5,000, PROC seeks quotes through competitive bidding, unless a waiver applies. We will monitor the implementation of the new procedures in the context of our future audits. We underline that our observation was related to all procurement procedures, irrespective of any threshold. | **Update as of December 2019:** The mentioned new procurement procedures were confirmed in the ITU Procurement Manual of June 2019. |
| **Rec**  **7/2018** | We recommend that the Procurement Division introduce a system where the requisitioner of the PO is immediately and automatically identified. | Agreed, the staff member creating the shopping cart will be instructed to create the shopping cart using the standard functionality: “on behalf of the requester”. Automatic email notification to the requester will be implemented. | **Update as of December 2019:**  Under implementation. |
| **Rec**  **8/2018** | Therefore, we renew our recommendation n. 9/2017 and we recommend that a Declaration of Absence of Conflict of Interest (DACI) be signed by the staff involved in the procurement process, for all procurements, regardless of the threshold. | ITU maintains it position that only key staff in the procurement process shall sign the DACI. This recommendation is partially implemented as of 1 April 2019. Since this date every time that a requesting unit proposes a vendor for a case above CHF 5,000, he/she signs a DACI. | **Update as of December 2019:**  Implemented as per ITU Procurement Manual of June 2019. Key staff have been identified for signing the DACI and each time vendors are proposed for above CHF 5,000, the requestors sign such a form. |
| **Rec**  **9/2018** | In view of the above, we recommend setting up a procedure for randomly checking a sample of Statement of financial disclosures and Declarations of absence of conflict of interest every year, in order to verify the truthfulness of the information declared by individual staff. | Service Order 11/03 of 22 February 2011 is instructing the Ethics Officer to provide confidential guidance and advice to all staff members in respect of their financial disclosure as well as to draw their attention to any conflicts or potential conflicts of interest evident in financial disclosures. This implies that the Ethics Officer is not only the recipient and the custodian of those Financial Disclosure but also that she/he controls that the declaration is complete and is also reviewing the submissions to assess whether follow-up is required to address any potential conflicts. Should the Ethics Officer concludes that the declaration may contain simple issues that cannot be resolved through a request for clarification to the staff member concerned, but may be qualified as being intentionally inaccurate or false information, or is suspecting a potential case of conflict of interest, or a situation or action revealing a potential misconduct, wrongdoing or proscribed practice or behaviour, the case can be investigated in accordance with the investigation guidelines published in Service Order 19/10 of 2 May 2019 recently published. | **Update as of December 2019**  During Council 2019, ITU committed to enhance its annual Financial Disclosure Form in two areas: to ensure that staff completing the form affirm their accountability to ITU and to expand the coverage of the financial disclosure exercise. Following this commitment, the Ethics Office has drafted a revised disclosure form in which staff affirm whether they are in compliance with relevant ITU policies and procedures, affirm their accountability to ITU and these rules, and disclose any circumstances which should be brought to ITU’s attention so these may be mitigated. The concept paper on the proposed revisions to the disclosure form will be discussed by the Coordination Committee in December 2019.  The Ethics Office will continue to be the custodian of the disclosure forms and will continue to review each declaration in order to determine whether any further follow-up is required. |
| **Rec**  **10/2018** | Therefore, we recommend setting up a guideline indicating how and to what extent the Regional Director should be involved in the purchase process and what checks should be performed at the HQ level before authorizing payments. | ITU agrees to review the role of the Regional Director in the procurement and payment process. An internal working group to strengthen internal controls has been set up by the BDT Director. The group includes staff from BDT, FRMD (finance, procurement), Legal, HRMD, Ethics and Information Services Department. The group’s terms of reference include, among other things, the review of weaknesses in various processes and findings of Internal Audit and External Audit reports and the preparation of an Action Plan to ensure that any deficiencies and associated risks are mitigated. | **Update as of December 2019:**  The Council 2019 approved the updated Procurement Manual. ITU agrees to further review the role of the Regional Director in the procurement and payment process and in line with the new Procurement Manual.  A training on Procurement Manual was given to all Regional Directors and other regional staff. |
| **Rec**  **11/2018** | Therefore, we recommend setting up a standardised monitoring system, through checklists or IT guided tools, indicating how the regional Director and BDT should be effectively involved in the ex-post assessment of the effectiveness of the expenditure. | ITU has taken note of Recommendation 11 and will further study the effective involvement of Regional Directors in the assessment of the effectiveness of ITU expenditures for respective regions. | **Update as of December 2019:**  The effective involvement of Regional Directors in the assessment of the effectiveness of ITU expenditures for respective regions is extremely important. BDT has strengthened its RBM-based planning activities for 2020, including regional activities. In addition, BDT is reviewing its IT support tools in planning and monitoring its expenditures. Enhanced planning and improved ITU tools should provide a good basis for the assessment of the effectiveness of ITU expenditures for respective regions. |
| **Rec**  **12/2018** | Therefore, also in order to enhance the internal control system at regional level, we recommend that ITU set up specific guidelines or, according to best practices, publish a detailed Regional Operating Manual, where all processes, like cash management, assets register etc., are standardised through specific procedures and checklists, in order to guarantee an effective internal control system at the regional level. | We take note of this recommendation. The guidelines related to Regional/Area office already exist. FRMD and BDT/ADM will do a full review of this guidelines to improve the processes and the internal control. An internal working group to strengthen internal controls has been set up by the BDT Director.  The group includes staff from BDT, FRMD (finance, procurement), Legal, HRMD, Ethics and Information Services Department. | **Update as of December 2019:**  A number of guidelines are currently under review. This review will take into account the work of the internal working group on strengthening internal controls. |
| **Rec**  **13/2018** | In order to improve the internal control system at Regional level, we recommend that Management formulate a specific and detailed list of expenditure that can be authorized, or excluded, by Regional Directors. | This recommendation will be taken into consideration during the review of the guidelines. | **Update as of December 2019:**  This recommendation will be taken into account in the planning and implementation of BDT’s operational plans in 2020. |
| **Rec**  **14/2018** | In order to enhance the internal control system at Regional level, we recommend that Regional directors perform unannounced checks on the petty cash register in Area Offices and keep the audit trail of their checks in a standardised form that should be immediately transmitted to HQ and FRMD. | We take note of this recommendation but would like to outline the fact that the petty cash are already monthly controlled and signed by the head of before being submitted to HQ. In line with Rec. 12 from the 2018 Special Report on Strengthening the Regional Presence, the feasibility of unannounced checks will be further investigated. | **Update as of December 2019:**  The BDT Director addressed on 23 August 2019 an internal memorandum on “Strengthening Internal Controls” to all BDT staff at professional and above levels. This memorandum covers such topics as banks accounts, petty cash and representation allowance, among others. In addition, FRMD has revised the Cash management and financial guidelines for Regional/Area Offices. |
| **Rec**  **15/2018** | In order to enhance the effectiveness of the controls over duty travel related to the regional presence, we recommend setting up effective programmatic and technical monitoring through accurate, robust and consistent performance indicators, to assess whether the duty trip concerned is necessary for ITU, with the possibility of having an independent unit/body that will assess whether the duty trip has achieved its planned objectives. | ITU has taken note of Recommendation 15 and will study further enhancements in the monitoring of duty travel. Please note that every mission request form for BDT staff is submitted for approval to the supervisor, including Regional Directors. The approved mission request form is compulsory for raising an electronic travel authorization. | **Update as of December 2019:**  Annual mission plans were introduced and will continue in 2020. |
| **Rec**  **16/2018** | Given that the fact that ITU staff frequently travel to and implement projects in their home countries may be a potential impairment for ITU independence with regard to Member States, the fact that ITU staff are travelling frequently and implementing projects in their home country, we recommend that, in order to avoid possible conflicts of interest, the Regional Directors and HQ should give careful consideration before sending staff on duty travel to their home countries, and at the same time monitor all duty travel adequately. | ITU has taken note of Recommendation 16 and will take it under review. | **Update as of December 2019:**  Under review. |
| **Rec**  **17/2018** | In our opinion, action needs to be taken in each of the areas considered. Without prejudice to more detailed observations and recommendations being put forward at a later stage, we recommend that Management urgently enhance the level of internal control over HR, in particular with regard to hiring consultants, through a system involving the monitoring of their activities through key performance indicators and the adoption of specific operating Manuals, guidelines and checklists that could help assess the need to hire consultants and, ex-post, their evaluation. | Field Staff are subject to the same policy and procedure related to performance management and development, as established in Service Order 18/06 of 19 April 2018. That policy includes as a core principle the alignment of individual objectives with organizational objectives as established in the sectorial operation plans.  As to the effective monitoring of the objectives assigned to the field staff, in the course of the design and implementation of the new performance evaluation system (E-PMDS), the HR Management Department has been working on reinforcing the establishment of work objectives through the development of stronger descriptors associated with those objectives (description of the objectives, related activities, KPIs, timeframe, partners and resources and constraints).  With regard to the reinforcement of the recruitment and management policies procedures of consultants and experts, the HRM Department and BDT are working on the development of stronger procedures, also taking into consideration the recommendations established by the JIU in its ITU Management review as well as the recommendations made by the Internal Audit Unit. HRMD has been working on undertaking a “cleaning” exercise of the existing roster, which will include checking academic credentials and references of all candidates. HRMD is in contact with the UN regarding use of the newly created UN References check Centre in Bonn. | **Update as of December 2019:**  Comments made are still valid. |
| **Rec. 1/2017** | We recommend that Management, in the evaluation process of the projects and studies for the fulfilment of the new HQ premises, consider the needs of the Union in a long-term period, also taking into account the ITU Human Resources Strategic Plan. | The Management Board of the Building project has taken note of this recommendation. The on-going discussions and studies aimed at supporting the decision making process on a certain number of options related to the design, dimensioning, etc. of the new building and which are based on projections of the number of staff (regular and non-staff) which could be in service on the date of delivery of that new building. | **Update as of December 2018:**  The options related to the design, dimensioning, etc. of the new building are indeed based on projections of the number of staff (regular and non-staff) which could be in service on the date of delivery of that new building.  **Update as of April 2019:**  The Management Board of the Building project has dimensioned the New Building according to the expected needs at the time of opening, for all constituencies of occupant: this is also expected to be sufficient for the long-term needs.  **Update as of December 2019:**  The project design, budget and number of workspaces have been approved at the additional council session in September 2019. Those have been dimensioned based on projections of the number of staff (regular and non-staff) received from HRMD and are expected to be sufficient for the long-term needs of the organization. |
| **Rec. 2/2017** | We recommend that, in order to mitigate the risk of inaccuracies, Management should:   1. implement extraordinary measures (such as an ad hoc task force) to clear the backlog in personal files within as short a time as possible; 2. rationalize the flows for data storage and management, thereby correcting the current fragmentation; 3. invest in IT resources, to eliminate any manual inputs related to the new compensation package, following a list of pre-established urgencies, and 4. enhance the salary payment function by introducing further checks on the payroll. | The recommendations are fully supported. The HRM Department has been working on a series of actions (short, mid and long term) aimed at addressing the various questions raised by the External Auditors, including:  - a reorganization of the HRM Department, completed in 2017;  - a business-processes review for evaluating the existing processes and procedures, with the view to streamline the existing ones and establishing the new ones required, e.g., for supporting the implementation of the new compensation package (more particularly the new education grant scheme);  - the completion of a comprehensive list of IT requirements, for discussion with the IS Department, for establishment of an action plan, covering the shortfalls existing into the systems, the development of new functionalities, the automation of existing manual processes, the development of additional ESS (employee self-services) functionalities, etc.;  - the review and, if necessary, redesign, of the e-filling project launched in 2010 for dematerializing the information managed by the HRM Department, with an integration of that information into a stronger and more comprehensive information management system. | **Update as of December 2018:**  The complete list of HR related IT requirements has been submitted to the IS Department and a project called HRMD Enhancements 2019-2020 has been launched.  The principal objective of the Project is to add new functionalities, enhance existing process and “fix bugs” in the current SAP HRMD modules which include Personnel Management (HR Admin, Benefits & Entitlements, etc.), Payroll, Employee/Manager Self services and interfaces with external systems such as UNJSPF and Cigna.  The project covers the following key activities:   1. Review the requirements list (see spreadsheet xyz) provided by HRMD. 2. Develop an implementation plan. 3. Procure external services, if needed. 4. Configure and develop solutions for the requirements specified in the requirements list. 5. Support HRMD during the project and post go-live.   In parallel to this project, an “e-filling” project is also being designed for launching in the course of 2019.  **Update as of April 2019:**  The last actions related to the HMD reorganizations have been taken in the course of April/May 2019. Amongst those actions are the reinforcement of the Payroll section. In addition to the advertisement of a P2 position, a staff member has been assigned on the existing G5 position which was vacant. The reinforced unit includes in its mandate a reinforcement of the control mechanism as well as a better segmentation in between the functions related to the establishment of entitlements and the ones in relations with the calculations of those entitlements.  The Chief of the Payroll unit has been mandated as project manager for the e-filling project, for reengineering the existing system and extending it to the whole HRMD.  The IT requirement list mentioned in last report has been converted into an HRMD/ISD SAP-HR enhancement project.  **Update as of December 2019:**  The projects referred to above had to be delayed, as the priorities had to be given by the Payroll unit as well as the Service in the Information Service Department in charge of the HR related ERP systems to the implementation of the Judgement delivered by the ILO Administrative Tribunal on the question of the Geneva Post Adjustment, as well as to the transition from the current Health insurance system (CMIP-CIGNA) to the UNSMIS health insurance as from the 1st of January 2020. The activities related to the HRMD Enhancements 2019-2020 projects will be resumed in 2020.  In the meantime, all vacant positions in the Payroll service have been filled in. The redefinition of the distribution of responsibilities in between the Staff Administration Service and the Payroll service has also been almost completed. |
| **Rec. 3/2017** | We recommend that an intense preparatory activity be carried out in advance of the Strategic Plan for human resources, so as not to delay its implementation once it has been adopted in spring 2019. This should include: (i) a thorough skill gap analysis, with respect to internal potential of available resources, including technical skills, based on the outcome of the new assessment tool and the Competency Framework; (ii) the identification of sensitive posts and the preparation of a succession plan for the short and medium terms; (iii) a streamlining of the services and processes prior to determining the minimum size of the staff requested to fulfill the institutional functions, and (iv) the criteria for internal vs external recruitment and for the use of non-staff and short-term personnel. | The recommendation is supported. The elements listed under (i) to (iv) are integral part of the development of the HR Strategic plan to be submitted to the 2019 Council session for approval, based on the ITU Strategic plan and the Financial plan to be approved by the 2018 Plenipotentiary Conference in Dubai. | **Update as of December 2018:**  The development of an HRSP has been endorsed by the PP-18 through its inclusion into Resolution 48 on HR management and development. IT is now being developed by HR, in consultation with all internal partners (Bureaux and Departments, Coordination Committee, Staff Council, Joint Advisory Committee…) for its submission to the 2019 Council session for approval. It will include all the items mentioned in the recommendation.  **Update as of April 2019:**  The ITU People Strategy and the HR Strategic Plan (20-23) have been developed by HRMD based on a consultative process conducted from 15 January to 15 to March 2019 with Bureaux and General Secretariat (GS) as well as Staff Council.  This consultative process consisted of an extensive communication through memoranda and presentations on the new ITU People Strategy as well as on the potential structure and content of the HRSP.  Following these presentations, each Bureau/SG Department and the Staff Council have been requested to provide inputs by 15 March 2019 both on the narrative sections of the ITU People Strategy and on the specific needs to be reflected in the HRSP. Inputs and comments have been received across all sectors and reflected in this final document.  This process has been essential to translate the priorities and goals of the ITU People Strategy (Pillar 1, 2, 3 and 4 as described in Section 5 of the Annexed ITU People Strategy 20-23) into an HRSP driven by the specific needs of the Bureaux/ SG Departments and in line with the overall ITU priorities and goals.  While the scope of a consultative process by Bureau and SG Department was to ensure the identification of specific needs for a more targeted approach, the HRSP aims at supporting through HR functions the Organization as of being “One ITU”. This was also strongly recommended by internal stakeholders which has resulted in “One HRSP”.  All the elements mentioned in the recommendation are integrated into the final product, which is now ready for submission to the C19 Council session.  **Update as of December 2019:**  The HR Strategic plan for 2020-2023 resulting from the process described above has been approved by the 2019 Council session. Its implementation is in progress and reports on that implementation status will be submitted to the 2020 Council session. |
| **Rec. 4/2017** | We recommend introducing a Policy/Guideline that 1) will avoid automatic extension of contracts in force; 2) will consider it necessary to perform a supplier/market evaluation, before the decision to extend a contract is taken by management. | ITU agrees that a policy should be put in place that contracts should not be automatically extended. ITU also agrees that a vendor performance evaluation should be done before a contract is extended. If the contract has extension options, it should not be necessary to carry out a market evaluation. However, if a contract is extended beyond its extension options, a market evaluation may be carried out as part of the justification for such an extension. | **Update as of December 2018:**  This is included in the Procurement Manual which has been drafted and is foreseen to be promulgated in early 2019.  **Update as of April 2019:**  None  **Update as of December 2019:** The ITU Procurement Manual in para. 12.2.1 clearly states that contracts shall not be automatically extended, and that such extension shall be done following a satisfactory vendor performance evaluation. Contracts for ongoing requirement shall typically have a maximum duration of 5 years after which time the market shall be revisited. |
| **Rec. 5/2017** | We recommend that Management improve controls on Purchase Orders/Contracts repeatedly awarded to the same supplier in order reduce the risk that ITU procurement rules and procedures being bypassed or not correctly applied. | ITU agrees that controls be introduced to reduce the risk of ITU procurement rules and procedures being bypassed. | **Update as of December 2018:**  The implementation is planned in January 2019.  **Update as of April 2019:**  Implemented. New procedures regarding procurement below CHF 20,000 introduced on 1 April 2019. Threshold to seek a minimum of 3 quotes is now set at CHF 5,000. Awards without bidding is limited to CHF 5,000 per transaction and CHF 20,000 per calendar year and vendor.  **Update as of December 2019:** Implemented as of April 2019. |
| **Rec. 6/2017** | We recommend Management to update the ITU SRM software to allow the monitoring of Purchase Orders/contracts executed in case of waiver of competition. | ITU agrees that if technically possible, the basis of award (waiver or competition), should be recorded in the SRM system. | **Update as of December 2018:**  This is part of the contract management project which is foreseen to be concluded in 2019.  **Update as of April 2019:** None  **Update as of December 2019:** Implemented as of June 2019. |
| **Rec. 10/2017** | We recommend that for any procurement a written confirmation statement should be obtained from the supplier confirming that the company adheres to the UN Supplier Code of Conduct. | ITU agrees with this recommendation and intends to have all vendors registered in the United Nations Global Marketplace (UNGM). As part of this registration process a vendor confirms to having read and understood the UN Supplier Code of Conduct. | **Update as of December 2018:**  Ensuring that all vendors are registered in UNGM is an on-going project. ITU foresees that by 2019 all vendors being awarded contracts/POs are registered in UNGM as a pre-requisite.  **Update as of April 2019:** Partially implemented  **Update as of December 2019:**  Implemented. See para. 5.1.2 of the ITU Procurement Manual. All new vendors are required to register on UNGM and as such confirm adherence to the UN Supplier Code of Conduct. |
| **Rec. 1/2016** | Considering the retirement projection for the next ten years and the risk of discontinuity potentially involved, we recommend that Management should adopt a formal succession planning strategy, to be integrated in the HR Strategic Plan. This strategy should specify critical roles and positions against ITU objectives and needs, and set out plans for the immediate future (transfer of knowledge) and for the longer term (based, amongst other things, on the inventory of skills provided in the recent Competency framework to identify the internal potential to take over). | HRMD will consult the Bureau and GS Departments to develop a succession planning strategy aimed at preserving institutional knowledge and ensuring continuity in the delivery of the mandate of the Union. | **Update as of April 2018:**  The HRMD service responsible for this action being deeply involved in the implementation of the new e-PMDS (performance management and development system), confirms that the recommendation will be implemented in the first quarter of 2018  **Update as of December 2018:**  The development and implementation of the HR Strategic plan (HRSP), to be approved by the 2019 Council session will focus, inter alia, on reinforcing the enhanced workforce diversity and agility (aligning ITU workforce to the ITU goals) through a series of action lines, including:  • Balanced and diversified workforce when it comes to staff in Professional and higher versus General Service categories; age, gender parity at all levels and geographical distribution.  • A Fit-for-purpose workforce, including identification of duplication or overlap of work.  • Alignment between the Union's strategic priorities and staff functions and posts.  • A common basis for required competencies and skills based on analysis and gap assessments (designing skills and competency profiles), so as to ensure the right people in the right positions, also through mobility and functional rotations.  • Succession Planning as a means to streamline planning and earlier identification of need.  **Update as of April 2019:**  Those elements are integral part of the draft HR Strategic plan prepared (see recommendation 3/2017 above) for submission to the C19 Council session for approval.  **Update as of December 2019:**  The HR Strategic plan for 2020-2023 resulting from the process described above has been approved by the 2019 Council session. Its implementation is in progress and reports on that implementation status will be submitted to the 2020 Council session. |
| **Rec. 4/2016** | We share the Internal Auditor’s view and recommend the adoption of: **A***)* a Procurement manual covering all the steps of the procurement process according to the UN best practices on the subject and, also; **B**) implementation measures with policies and procedures that should serve as guidance to all staff members involved in the various stage of the procurement process. | ITU accepts this recommendation. A Procurement Manual is currently being prepared which will cover all steps of the procurement process and provide guidance on policies and procedures to all staff involved in the various steps of the procurement process. | **Update as of April 2018:**  In progress.  The Procurement Manual is in progress of being drafted.  **Update as of December 2018:**  This is included in the Procurement Manual which has been drafted and is foreseen to be promulgated in early 2019.  **Update as of April 2019:** None  **Update as of December 2019:** Implemented. ITU Procurement Manual has been promulgated in June 2019. |
| **Rec. 6/2016** | ***Enhancing the transparency of the procurement process***  We acknowledge that ITU Procurement Management publishes regularly all the contract award notices on UNGM, however, in order to enhance the level of transparency of the procurement process, we recommend that ITU should: **A**) inform individually all participating bidders as soon as the procurement process has been concluded or cancelled; **B**) arrange, if requested, a briefing with the unsuccessful/excluded bidders that participated in the procurement process, in order to give them the possibility to better compete for future solicitations; **C**) inform, during the briefing, vendors that were unsuccessful, on the reasons of why their bid was not successful. | It is the current practice of ITU to send letters of regrets (e-mail for below CHF 50’000) to all unsuccessful vendors informing that their bid has not been retained. The bid document invites vendors to request information about the assessment of their bid. ITU accepts the recommendation to also inform vendors in the letter of regret that they may request for information about the assessment of their bid and that this shall be included in the new Procurement Manual. | **Update as of April 2018:**  In progress.  The Procurement Manual is in progress of being drafted.  **Update as of December 2018:**  This is included in the Procurement Manual which has been drafted and is foreseen to be promulgated in early 2019.  **Update as of April 2019:** None  **Update as of December 2019:** Implemented. See para. 9.14 and 9.15 of ITU Procurement Manual. |
| **Rec. 7/2016** | We recommend that ITU should ensure that clear pass/fail (or compliant/non-compliant) criteria are applied consistently for all ITBs. | It is the current practice of ITU to apply clear pass/pass fail criteria for all ITBs, which are determined prior to the issuance of the ITB. This practice shall be included in the new Procurement Manual. | **Update as of April 2018:**  In progress.  The Procurement Manual is in progress of being drafted.  **Update as of December 2018:**  This is included in the Procurement Manual which has been drafted and is foreseen to be promulgated in early 2019.  **Update as of April 2019:** None  **Update as of December 2019:**  Implemented. See para. 6.9.2 of the ITU Procurement Manual. |
| **Rec. 8/2016** | ***Enhancing the role of the Appraisal Committee***  We recommend that, in order to conduct the procurement process in a fair and transparent manner and taking into consideration best value for money: **A**) the Appraisal Committee should, during the evaluation process, apply the evaluation criteria and method as pre-defined in the solicitation document/tender dossier. In addition, we consider inappropriate the criteria set out in the RFP that “*bidders availability in mid November (2012) will be an important criteria of selection*” because it could restrict competition by limiting the participation of other vendors in the procurement process (in fact, in the procurement audited, the contract was only signed in February 2013); **B**) the Appraisal Committee should prepare clear Evaluation reports summarizing technical and commercial points in the bids, in order to have a clear ranking of the bid recommended for the contract according to the criteria set out in the tender file; **C**) in the event of exceptions from the principle of automatical rejection of late offers received, SO 14/06 should clearly state in which cases these exceptions apply. | It is the current practice of ITU to establish the evaluation criteria and evaluation methodology prior to the issuance of any tender and that the resulting evaluation reports clearly present the points awarded to each bidder and their individual ranking. This practice shall be included in the new Procurement Manual. | **Update as of April 2018:**  In progress.  The Procurement Manual is in progress of being drafted.  **Update as of December 2018:**  This is included in the Procurement Manual which has been drafted and is foreseen to be promulgated in early 2019.  **Update as of April 2019:** None  **Update as of December 2019:**  The Appraisal Committee has been disbanded in the ITU Procurement Manual. The technical evaluation is now done by the Technical Evaluation Panel and the commercial evaluation is done by PROC. The evaluation process is clearly described in the Manual. |
| **Rec. 9/2016** | ***Enhancing the mandatory technical assessment***  We recommend, as envisaged in the UN best practices, that for RFPs, only proposals meeting the mandatory and minimum requirements (or points) should be considered for commercial evaluation and commercial bids from vendors considered not to be technically compliant with the tender specifications should not be evaluated. | It is the current practice of ITU to only evaluate the commercial proposals of vendors which are technically compliant. This practice shall be included in the new Procurement Manual. | **Update as of April 2018:**  In progress.  The Procurement Manual is in progress of being drafted.  **Update as of December 2018:**  This is included in the Procurement Manual which has been drafted and is foreseen to be promulgated in early 2019.  **Update as of April 2019:** None  **Update as of December 2019:**  Implemented. See para. 8.4.11 of the ITU Procurement Manual. |
| **Rec. 10/2016** | ***Monitoring the vendor performance***  We share the Internal Auditor’s view and we recommend setting up a vendor’s performance evaluation in order to monitor its performance and measures actual contract achievements with regards to quality, delivery, timeliness, cost control, compliance with terms of reference (TOR) or statement of work (SOW), as well as all other performance indicators established in the contract. | ITU accepts this recommendation. A policy on vendor performance management shall be included in the new Procurement Manual. | **Update as of April 2018:**  In progress.  The Procurement Manual is in progress of being drafted.  **Update as of December 2018:**  This is included in the Procurement Manual which has been drafted and is foreseen to be promulgated in early 2019.  **Update as of April 2019:**  None  **Update as of December 2019:**  Implemented. See para. 5.4 of the Procurement Manual. |
| **Rec. 1/2015** | ***The accuracy of the Asset Register need to be improved***  In this regard, we recommend that Management increase its efforts to recognize, label and capitalize the fixed assets located at ITU, in order to have a more accurate record of assets, through procedures and processes that will bolster coordination between different Departments. | The Secretariat will pursue the efforts already made to ensure that all assets are recorded in the respective databases. | **Update as of end April 2017**  Improvements were made by a close collaboration between the different Departments in terms of consistency of data in the two SAP modules intended for asset accounting and equipment management at headquarters and the regional offices. In addition, a Service Order on inventory and protection of ITU equipment has been issued.  **Update as of April 2018:**  The different data in SAP equipment system and the SAP module for asset management are now synchronized. However, the matching of data is a permanent and regular exercise that will continue to be done by the concerned departments.  **Update as of December 2018:**  Current procedures and processes are being reviewed and the aligning of the revised processes with SAP is planned in 2019.  **Update as of April 2019:**  The new SAP inventory software and scanning system is planned for implementation in 2019.  **Update as of December 2019:**  New SAP inventory software and scanning system is installed. All regional and area offices are provided with the scanners. |
| **Rec. 2/2015** | ***A revision of the depreciation’s coefficients is needed***  In this regard, we recommend that Management should review the different categories’ lifetimes and their related depreciations according to UN practices. Where categories are updated, an adjustment of net book value will be needed. | The secretariat will further analyse this recommendation and its potential consequences. | **Update as of end April 2017**  A study on the useful life was carried out in relation to other international organizations based in Geneva. The possible change in some categories’ lifetime is under consideration and the decision to implement this recommendation is related to the construction of the new ITU building  **Update as of April 2018:**  None  **Update as of December 2018:**  Current depreciation parameters are being reviewed and are planned to be implemented.  **Update as of April 2019:**  SAP consultant is recruited to implement ERP system changes effective 2020.  **Update as of December 2019:**  **None** |
| **Rec. 3/2014** | We recommend Management to perform a full actuarial review study, to evaluate when the ITU financial health, in the long-term scenario, might be compromised by the provisions of the Health Insurance Scheme. However, considering that the transition to the new scheme is still in progress, this study has to be performed after the separation from the SHIF and after sufficient data is available under the CMIP, not before the end of 2016. This recommendation replaces the previous n. 6/2012 and n. 3/2013, which are to be considered closed. | It is taken note of this recommendation. A full actuarial study will be performed according to the recommendation. | As recommended a full actuarial study will be performed at the end of 2016 based on the data and results provided by the Collective Medical Insurance Plan (CMIP).  **Update as of end-January 2016:** The requirement of this study will be included in the main actuary study related to IPSAS 25 (Rec 2/2014)  **Update as of end April 2017:** New actuaries have been chosen to perform a full actuarial study of the Health Insurance Scheme.The result of the full study will be known mid 2017  **Update as of December 2017:**  Discussions with the actuary have already started, and the final result of the full actuarial study should be sent to ITU beginning of next year to be presented to the next Council through the After-Service Health Insurance (ASHI) liability document.  **Update as of April 2018:**  A final discussion to present the result of different scenario will take place during may 2018.  **Update as of December 2018:**  The result of the study has been received and shared with the CMIP Committee for its consideration.  **Update as of April 2019:**  The CMIP committee is still reviewing carefully the different options to ensure the long-term sustainability of the plan. Further to the result of the full actuarial study, the CMIP committee decided to study the option to join another Un Organization.  **Update as of December 2019:**  The Secretary-General based on the recommendation of the CMIP Committee decided to leave CIGNA as service provider and signed a contract to join UNSMIS starting 01.01.2020. |
| **Rec. 4/2014** | As remedial measures are needed, these drivers might be considered by the Council: we recommend Management, to monitor these drivers to ensure adequate pay-as-you-go and long-term funding | The funding of the health Insurance on a pay-as-you-go basis as well as of the ASHI actuarial liability is of upmost concern for the Union and is carefully monitored. The drivers mentioned here above have been, among others, taken into account while planning the transition to the CMIP and producing the 2014-2015 budget, the 2016-2019 financial plan as well as the 2016-2017 budget, which will be presented during Council 2015. The continuous monitoring of the CMIP results with regular pro-active communication with all the stakeholders and timely proposed adjustments and decisions will enable the funding on a pay-as-you-go-basis. | The Management follows this recommendation and monitors carefully the different drivers to ensure ITU’s good financial health.  **Update as of end April 2017:** The management still monitors carefully the drivers and will review and adjust it based on the results of the global actuarial study performed at the end of 2016.Each year ITU Management presents the situation of the After-Service Health Insurance (ASHI) liability. ITU will continue to focus on cost containment with the service provider and has proposed an increase in the percentage of contributions for the CMIP members and for ITU in the 2016-2017 budget in order to ensure the financing of health insurance on a pay-as-you-go basis. Furthermore, ITU will continue to fund the ASHI reserve as far as possible according to the budgetary surpluses.  **Update as of December 2017:**  As part of the full actuarial study, all the drivers are carefully studied and monitored. Their long term impact will be calculated through the different assumptions. In addition, ITU will continue to fund the ASHI reserve depending on the budgetary results  **Update as of April 2018:**  ITU will continue to fund the ASHI reserve depending on the budgetary results and also through the decided budget allocation.  Based on the result of the full actuarial study the ITU will review the main drivers to ensure the sustainability of the plan.  **Update as of December 2018:**  The result of the full actuarial study has been provided to the CMIP Committee for its review and consideration. The management still monitors carefully all the drivers in a view of reducing the ASHI liabilities and insuring the long term sustainability of the plan.  **Update as of April 2019:**  The CMIP Committee is still reviewing carefully the different options to ensure the long-term sustainability of the plan. Further to the result of the full actuarial study, the CMIP Committee decided to study the option to join another UN Organization.  In addition, ITU will continue to fund the ASHI reserve depending on the budgetary results and also through the decided budget allocation.  **Update as of December 2019:**  The Secretary-General based on the recommendation of the CMIP Committee decided to leave CIGNA as service provider and signed a contract to join UNSMIS starting 01.01.2020.  In addition, ITU will continue to fund the ASHI reserve depending on the budgetary results and also through the decided budget allocation. |
| **Rec. 3/2012** | ***“Droit de superficie”***  Considering that it is important and in ITU’s interest to extend the “droit de superficie” granted to ITU by the State of Geneva since 1967, we recommend Management to start, as soon as possible, the negotiations in this respect with the competent Host Country Authorities. | In January 2013, the Legal Adviser has already successfully contacted the Host Country competent Authorities in order to initiate a negotiation process. | The competent Host Country Authorities welcomed the request from ITU in principle and confirmed their interest as well as the fact that further developments will be triggered by decisions related to the replacement of the Varembé building, which are currently still under discussion.  PP-14 decided the creation of a Council Working Group. The CWG will, with the support of the Secretariat, examine the status of HQ premises of the Union and continue to analyse the options so far submitted and any other proposal by Member States, for prudent treatment of the premises into the long-term future, in order to prepare a recommendation for Council. The first meeting of the CWG took place on 28 January 2015.  **Update as of end-January 2016:** The work of the CWG on options for the Union's HQ premises over the long term is still on-going. A second meeting was held on 28 September 2015.  **Update as of end April 2017:** The Council, by its Decision 588, decided to replace ITU’s Varembé building by a new construction that would also include the offices and facilities of the Tower building and complement the Montbrillant Building. In this context, the “droit de superficie” currently enjoyed by the ITU until 2079 for all of its buildings will have to be renegotiated with the Swiss authorities. However, the ITU has already obtained the insurances from the Swiss authorities that the conditions presently granted to the ITU cannot be revised downwards and that the 2079 deadline will not, in any event, be questioned. A working group composed of representatives from the ITU, the Canton of Geneva (landowner), the Swiss Confederation and FIPOI will be set up in early 2017 to discuss specifically the issue of the “droit de superficie”.  **Update as of April 2018:**  The ITU/Host country Working Group on “Droit de superficie” held its first meeting on 15 November 2017. Discussions focused on the following elements:  1) The parcel distribution, which upon agreement, should not be impacted by the construction of the new building;  2) A presentation by the representatives of the host Country of the “Droit de superficie” applicable under the recent new Swiss legislation.  The ITU has already obtained the confirmation that the current duration of the “Droit de superficie” would not be called into question (due in 2079) despite the new regulation which limits the duration of the right to a maximum of 50 years.  The ITU has also received confirmation that essential elements of the right, such as, for example, its free of charge rent would not be called into question.  3) A template for “Droit de superficie” contract has been drawn up by the Host Country. This template will be sent quickly to the ITU for review and comments. The Host Country representatives confirmed that they were open to enter into discussions on the provisions of the template.  4) The draft of “Droit de superficie” contract should ideally be finalized by October 2018  **Update as of December 2018:**  Discussions in the Host Country Working Group have been postponed as ITU is waiting for written explanations from the Host Country about the legal basis and the reasons supporting the reduction of the duration of the “Droit de superficie” from 99 to 50 years. Consultations in this respect are currently taken place between the competent Authorities of the Host Country. A reply is expected by the beginning of 2019.  **Update as of April 2019:**  The draft of the “Droit de superficie” contract is under negotiation within the ITU/Host Country working group. In this context, ITU has requested written explanation from the competent Swiss Authorities on the reasons and legal basis underlying the possible reduction of the granting of the “droit de superficie” from 99 years (current duration) to 50 years (potential new duration). Such explanations are expected to be received soon.  **Update as of December 2019:**  The requested explanation was received mid-September 2019 (completed mid-October 2019). It reads as follows : « *L’Etat de Genève a revu à la baisse la durée de tous les DDP qu’il octroie : elle est désormais portée à 60 ans maximum. L’objectif est de permettre à l’Etat [de Genève] de mieux maitriser ses terrains et de ne pas entraver la mise en œuvre de sa politique foncière avec des contrats de très longue durée qui entraineraient des indemnisations en cas de changement de politique. L’idée est de faire coïncider les contrats de DDP et la durée de vie des bâtiments. En effet, il faudrait faire des travaux de rénovation des bâtiments au moins tous les 60 ans. D’ailleurs les contrats de DDP prévoient une clause d’indemnité (pour les bâtiments) en cas de retour anticipé du terrain au Canton. Cette clause, qui n’existait pas dans les anciens contrats de durée illimitée, n’aurait pas de sens pour des contrats d’une durée de 100 ans.*». It has been confirmed that this change is due to a change in the policy of the competent cantonal authorities. The negotiation will continue in light of these explanation. |
| **Rec. 4/2012** | ***Assets’ recording in the register***  […] we have performed a physical stock checking of some fixed assets categories, such as a sample of items of furniture and IT equipment and we have traced them into the accounts. We observed that the ITU responsible in Facilities Management Division (HRMD Department) have not found some of the assets during the physical stock checking at year end (around 0.73% of the acquisition value of the assets concerned). We are aware that controls have detected part of these assets not found at year end, however we recommend Management to continue its research and to write-off the item that will not be found during 2013. | I will instruct FRMD to coordinate with the Facilities Management Division to ensure the continuation of efforts in 2013 and will clarify the existence and treatment of the items not captured in the stock checking. | The process of the identification and localisation and/or write-off of the assets not found during the stock checking has been initiated in past years and is progressing according to plan.  **At the end of 2014** the value of non-found assets has been significantly reduced by 83% of the 2012 value.  **Update as of end-January 2016:** The level of the identification of the assets which have not been found will be known by the completion of the physical inventory on 31 December 2015.  **Update as of end April 2017:** The situation of recovered assets had improved as at 31 December 2016 compared to 2014 and previous years. The same effort was made during 2016. By way of comparison, the value of the assets not found on 31 December 2012 was 392’744 CHF, compared to 22,024 CHF on 31 December 2016  **Update as of April 2018:**  The value of assets not found as on 31 December 2017 amounted to 29’792 CHF, of which CH 3’901 CHF is from the 2016 period.  Research will continue in 2018 fiscal year to recover as many misplaced assets as possible.  **Update as of December 2018:**  Current procedures and processes are being reviewed including the process for assets not found.  **Update as of April 2019:**  There were 313 assets not found in the 2018 physical inventory, corresponding to an acquisition value of 164’575 CHF. The field office inventory was unaffected, with all assets located.  **Update as of December 2019:**  New inventory system implemented in 2019 must minimize assets not found. |
| **Rec. 10/2012** | ***Digitalisation of personnel dossiers***  Although our analysis of the correspondence of the data inserted in the IT System with personnel dossiers did not revealed any major issue, we recommend the Management to start to evaluate the cost-effectiveness to digitalise personnel dossiers, not only in order to prevent that an accidental event might bring to loose fundamental data, but also to allow a direct interface of personnel dossiers with SAP HR. | I take note of this recommendation and inform you that HRMD is exploring this possibility. | The Detailed Blueprint (DBBP) of the e-Staff Personal File (digital filing) System was established on 19 April 2013.  This DBBP comprises the HRAD (E&B Service) business process and mapping of the structure of the staff member (hard) personal file. The system is linked to the SAP-ERP\_HCM.  **Update as per end of January 2015:** The first phase of creating the tool is completed. The e-Staff Personal File (digital filing) System is now operational.  The next phase of the exercise concerning HRAD (E&B Service) focuses mainly on two different tendencies which are :  1) Reduction of previous storage places (cupboards and computerized directories) to reorient Archive document flows toward the new e-filling system.  2) Reduction of numbers of paper documents by revised working methods (repetition, overlap, unnecessary printing, etc…). There will always be paper documents as the original signed documents must be kept for legal reasons and to certify the accuracy of information recorded in the SAP- ERP\_HCM.  **Update as of end-January 2016:** The digitalization is ongoing. HRMD is undertaking a fundamental review of all its procedures and document flow in view of creating a centralized, structured and secure electronic information management infrastructure to support the delivery of HR services.  **Update as of end April 2017:** The project is still underway. As forecasted, one staff of the HRM Dept. is working on this project.  **Update as of April 2018:**  Preparatory work for the migration of the data has been completed. However, further discussions are needed with the IS Department for the implementation of a robust information management architecture and system, including the possibility of a linkage with the SAP-HR ERP system.  **Update as of December 2018:**  The previous comments remain valid. In addition, the new HRSP will include, as an objective for establishing an Excellence driven HR Services, the following action lines:  • Streamlined and holistic HR services (simplify workflows and processes, promote a paperless work environment and build business plans and programmes oriented to clients).  • Innovative, rationalized and integrated ERPs which will progressively support all types of HR processes and provide a range of new functionalities that will enhance the efficiency of these operations.  • An effective use of HR data and analytics, which can be turned into meaningful information, and linked to related HR actions and in the context of a global digitalization of HR functions.  **Update as of April 2019:**  (see recommendation 3/2017 above).  **Update as of April 2019:**  (see recommendation 3/2017 above). |

## Follow-up on the External Auditor’s recommendations relating to ITU Telecom World Events

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|  | **Recommendation made by External Auditor**  **(Corte dei conti)** | **Comments received from the Secretary-General at the time of issuance of the External Auditor’s Report** | **Status as reported by ITU Management** |
| **Rec**  **1/2018** | We **recommend** reopening the terms and to extend the deadline of the bid to all Member States when the situation requires, so that the same level of information is provided, in compliance with the principle of transparency. | All Member States will be duly informed in the future if the bidding process remains open, and proposals may still be submitted to ITU, after the published deadline has been reached. | **Update as of December 2019:** The next applicable deadline is 31 December 2019 for Member States to inform ITU of their potential interest in hosting ITU Telecom World 2021 and/or 2022. All Member States will be duly informed of any extension to that deadline. |
| **Rec**  **2/2018** | We **recommend** to strengthen the action of soliciting payments adding to the procedure the sending of the first letter of reminder one month **before** the event. | An improved policy and procedure will be established and implemented with regard to the timely solicitation and follow up of payments to ensure compliance before the event. As agreed between ITU Telecom and FRMD, the first letter of reminder to debtors will be sent one month prior to the event provided the initial invoicing process has already taken place. | **Update as of December 2019:** The first written reminder has been sent to debtors one month prior to the 2019 event. Three (3) other reminders (letters) have been sent, as appropriate. This procedure will be continued for future events. ITU Telecom Secretariat and FRMD are continuing their efforts and working closely together in chasing debtors in order to receive the outstanding payments. |
| **Rec**  **3/2018** | We **recommend** to adopt established and sound criteria in the selection of promotion partners | Promotion Partners are currently selected on the basis of market research and demonstrated involvement in similar roles for other reputable exhibitions/conferences in their region of activity. Notwithstanding, a selection process with qualifying criteria will be established and applied, ensuring full transparency in the appointment of promotion partners for future events, taking into account any applicable procurement guidelines. | **Update as of December 2019:** ITU Telecom Secretariat is establishing a selection process and qualifying criteria for the 2020 event and working closely with the ITU Procurement and Ethics offices to ensure transparency and compliance with the established guidelines and procedures. |
| **Rec 5/2017** | Despite some efforts made, unsatisfactory result was achieved in balancing the gender distribution of participants, both in forum and in exhibition. We therefore recommend enhancing the efforts to tackle this issue | Further analysis will be undertaken to understand the difference in the gender distribution comparing the 2016 and 2017 events. Notwithstanding, measures that aim to improve the balance will be explored and implemented. | **Update as of December 2018:**  For the 2018 event significant efforts were made to ensure female representation in all Forum sessions and all invitation letters encouraged the participation of female delegates. The overall gender balance of participants in 2018 saw a marked improvement with an increase of 7% compared to 2017. Notwithstanding, additional measures that aim to further improve the balance are being explored and implemented.  **Update as of December 2019:** For the 2019 event, ITU Telecom Secretariat continued its action of 2018. Results show a drop in female participation overall compared to 2018, however a 1% increase compared to 2015 when the event was held in the same location; and female speakers increased by a further 8% compared to 2018. New initiatives included provision of fellowships to promote the participation of women-owned business and benefited 24 applicants from 14 countries. ITU Telecom Secretariat will continue its efforts to proactively work to achieve gender balance. |

## Follow-up on the External Auditor’s recommendations relating to Regional Offices

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| **Rec 1/2017** | In line with our Suggestion n.1, in the absence of a specific reference framework for field offices in PP Res. 25, we recommend that Management prepare a specific internal document, where the objective of "strengthening the regional presence" set by PP Res. 25 is clearly translated into measurable objectives for field offices, associated with accurate and consistent KPIs. | ITU will further study Recommendation n. 1. ITU would like to highlight that regional activities are implemented through combined efforts of the HQ and regions. Activities of HQ and regions are highly interlinked and inseparable.  In addition, Objectives and KPI’s covering both the HQ and regional activities already exist in the WTDC Action Plan and the rolling four-year Operational Plan. These are already covered by the annual reports of the SG to Council on “Strengthening the Regional Presence” and the annual performance reports, and quarterly performance reports published by BDT to inform the membership regularly.  Furthermore, PP Resolution 25 presents the high-level membership requirements for ITU regional activities. Adding another set of KPIs to Res 25 will duplicate with the existing set of KPIs. | **Update as of December 2019:**  As endorsed by the 2019 Council, the review of the regional presence of ITU is currently conducted by an external entity, which will take into account External Auditor’s recommendations relating to Regional offices. |
| **Rec 2/2017** | As a next step, we recommend explicitly linking, in cascade connection, the objectives of the Action Plans and Operational Plans with the concrete objectives resulting from PP Res. 25, with a view to reporting to Council accordingly | Consequently, ITU will also further study Recommendation n. 2. ITU would like to highlight that this link is always taken into consideration in the planning of Operational Plans, which is made by ROs’ Management | **Update as of December 2019:**  As endorsed by the 2019 Council, the review of the regional presence of ITU is currently conducted by an external entity, which will take into account External Auditor’s recommendations relating to Regional offices.  The RBM process also takes this into account. |
| **Rec 3/2017** | In order to foster the “one ITU” approach, the objectives and related KPIs identified for field offices should also reflect the objectives and KPIs of the other ITU Sectors; we therefore recommend exploring opportunities to enhance the coordination regarding regional presence among Sectors. | ITU agrees with Recommendation n. 3. ITU would like to highlight that various internal and membership-led coordination mechanisms, involving regional activities, among Sectors already exist and will continue to enhance coordination on regional presence among Sectors. Existing KPIs already accommodate the needs of all ITU Sectors. | **Update as of December 2019:**  As endorsed by the 2019 Council, the review of the regional presence of ITU is currently conducted by an external entity, which will take into account External Auditor’s recommendations relating to Regional offices. |
| **Rec 4/2017** | We recommend that Management should prepare a comprehensive flow chart, so as to make the functions, roles and activities of ROs understandable to all staff. At the same time, the regional staff should have a view of the objectives, sub-objectives and related KPIs associated with this flow chart, with a view to monitoring the implementation of the regional presence and mitigating the associated risks in a consistent way. | ITU has taken note of Recommendation n. 4. ITU would like to highlight that flow charts explaining positions and reporting lines of ROs already exist. Performance of regional activities are regularly monitored on the basis of Objectives and KPIs. | **Update as of December 2019:**  As endorsed by the 2019 Council, the review of the regional presence of ITU is currently conducted by an external entity, which will take into account External Auditor’s recommendations relating to Regional offices.  The RBM process also takes this into account. |
| **Rec 5/2017** | Whilst monitoring of the individual actions is carried out systematically both at RO and HQs levels, and the results are regularly reported to the Council, our audit found no comprehensive ad hoc documents on the evaluation of the effectiveness of the RIs themselves. Considering that every Action Plan may introduce new objectives and indicators for the reference period, we recommend that an external and independent mid-term and/or ex-post assessment of the effective and efficient achievement of the objectives decided at the WTDC level be conducted, in order to bring added value to the process. Similarly, a comprehensive mid-term and/or ex-post evaluation might be envisaged on whether the objective of “strengthening the regional presence” has been achieved in accordance with PP Res. 25. | ITU has taken note of Recommendation n. 5. However, ITU would like to highlight that the functions of the evaluation of the effectiveness of the RIs and the mid-term assessment is entrusted to and done by TDAG and Council. Since all results are presented to TDAG and Council, in our view they are the final evaluators of the effectiveness of the implementation carried out. | **Update as of December 2019:**  As endorsed by the 2019 Council, the review of the regional presence of ITU is currently conducted by an external entity, which will take into account External Auditor’s recommendations relating to Regional offices.  This is also taken into account through the RBM work and the revised |
| **Rec 6/2017** | We understood from Management that more actions are proposed than they are approved in the regional part of the Operational Plan; however, there is no specific methodology, framed in a system, for weighting them and for defining the respective priorities in an objective way. Therefore, we recommend that guidance should be provided as to how to set priorities on the basis of objective criteria. These criteria should also be consistent in all the ROs across the world, while taking into account the intrinsic differences between regions. | ITU will further study Recommendation n. 6. ITU would like to highlight that when funding is not sufficient, the priority is determined in line with criteria in the Action Plan, taking into account regional initiatives approved by Member States.  A regional Action Plan referred to in this report is understood to be the regional part of the Operational Plan. The regional part of the Operational Plan is planned by ROs’ management in consultation with regional team based on the needs of Member States and preferably linked to the regional initiatives. | **Update as of December 2019:**  BDT has reinforced its RBM-based planning of its activities in 2020 reviewing carefully activities proposed in the regions and ensuring that they respond to the needs and priorities of ITU’s regions.  The planning is prepared in close coordination with the focal points in the regions and heads of regional and area offices. The final approval of annual plans lies with the BDT Director. |
| **Rec 7/ 2017** | We recommend that ITU should strengthen its role in the evaluation of projects with a view to: 1) preventing reputational risks regarding non-functioning projects; 2) having a comprehensive picture of the impact of its work and, 3) identifying any possible corrective action relating to the implementation of projects. This involves urging its counterparts to allocate specific funds in every project to cover its evaluation. For minor projects, if performing an evaluation is considered not to be cost-effective, Management should nevertheless carry out a limited analysis of the project’s performance. | ITU has taken note of Recommendation n. 7. ITU will continue to explore possibilities with counterparts to allocate specific funds in every project to cover the evaluation of such projects. | **Update as of December 2019:**  ITU conducted a first comprehensive project management training and certification in November 2019 for ITU staff (BDT – HQ and Regional/Area offices, Secretariat, BR, TSB) involved in the development, planning, implementation and support of ITU projects. Due to the success of this first training, a second group and training will be planned for 2020. |
| **Rec 8/2017** | During our audit we found that, apart from the "specific-to-project" risk analysis, there is no comprehensive risk analysis for all the risks that might occur in the Region and the risks that might impair the objectives of "strengthening the regional presence". We therefore recommend that there should be a comprehensive risk analysis and that this tool should be linked to the Objectives laid down in PP Res. 25. This should be shared among HQ and ROs. | ITU has taken note of Recommendation n. 8. ITU would like to highlight that there is an overall risk analysis that is carried out and reported yearly in the Operational Plan. ITU will endeavour to strengthen this analysis in the Operational Plan. | **Update as of December 2019:**  As endorsed by the 2019 Council, the review of the regional presence of ITU is currently conducted by an external entity, which will take into account External Auditor’s recommendations relating to Regional offices. |
| **Rec 9/2017** | In the course of our audit, we found some cases where recommendations had been considered as “closed” by the IAU, whereas our audit showed that they were still “in progress”. We therefore recommend that the IAU should follow up on their recommendations and only consider them as “closed” where there is adequate evidence. | Recommendation n. 9 is duly noted and IAU recommendations will not be closed unless the respective managers have provided adequate evidence, also taking into account the cost efficiency and priorities when the residual risk of partial non-implementation of IAU recommendations is very low. | **Update as of December 2019:**  Recommendations are only closed when adequate evidence is available. |
| **Rec10/2017** | Following the IAU’s recommendations, we recommend increasing efforts to obtain an HCA to protect the ITU's role and interests. | ITU has a HCA for all the regional offices and area offices, except for the area office of Santiago de Chile for which negotiations with the host country are ongoing. ITU has done all the paper work and a proposal is being analysed by the Chilean Administration. | **Update as of December 2019:**  ITU is still discussing with the country. It is to be noted that the office premises will change to the WLO as the Administration will close the building where the area office is currently located.  ITU expects that this change will help to accelerate the discussions on the signature of the HCA. |
| **Rec 11/2017** | For accountability purposes, we recommend preparing a document summarizing all the delegations of authority, be they internal (who must sign what) or external (authorization for signature, such us bank movements and internet banking with the respective lines of responsibility). | ITU has taken note of Recommendation n. 11. As far as the bank movements are concerned this document already exists and is updated each time there is a staff movement. The coordination with the banks is also done to make sure they follow the instructions given by the HQ. Internal coordination will take place for creating a summary document for the delegation of authority. | **Update as of December 2019:**  No further update. |
| **Rec 12/2017** | In relation to A): we recommend adopting a standardised report form to record any exceptions, with the signature of the senior official who has approved the exception. An exception register might also be created for effective monitoring by HQ (this might also be extended to areas other than petty cash management).  In relation to B) we share the IAU’s view. However, due to the fact that AOs are geographically dispersed, effective unannounced on-the-spot checks are only feasible in the Regional Office where the RD is resident. For instance, an AO receiving the RD for any operational mission might reveal a potential unannounced check in advance to the Area Office Management, thus making the check lose part of its effectiveness. In order to increase the level of effectiveness of unannounced checks on petty cash, we therefore recommend that the Regional Director should receive monthly reports on petty cash expenditure from all the AOs (at the moment, AOs only send their reports directly to HQ), so as to have an opportunity to perform recurrent desk reviews, sign them off and then forward these reports to HQ. Following the same logic, unannounced checks through desk reviews might also be performed by HQ on the RO where the Director is resident (please see our recommendation on Banking operations). Furthermore, we recommend that a specific procedure and template should be adopted at HQ and be followed by all the RO Directors.  In relation to C), although we refer to petty cash expenditures and the purchase of stationery or other items for the normal running of the office, we recommend that there should be a template for every purchase request indicating the “initiating Agent”, as well as the person who authorizes the specific purchase, such as the RD and/or the AO Manager. | ITU has taken note of Recommendation n. 12. ITU would like to highlight the following:  In relation to A), petty cash is used for small purchases which do not normally require 3 offers.  In relation to B), summary petty cash reports from area offices can be shared with Regional Directors. In addition, the recommendation on “unannounced checks” will be further explored.  In relation to C), monthly petty cash reports are all signed by regional directors and heads of area offices. In addition, purchases are done through electronic shopping cart procedures which provide all the necessary approvals and background information. | **Update as of December 2019:**  The guidelines for the petty cash management are currently under revision. |
| **Rec 13/2017** | In relation to bank operations, we recommend that a strict procedure should be implemented for all the ROs, whereby the third signature for bank operations should be provided by the RD, even where the operation is carried out at Area Office level. The RD can thus be held responsible for all the transactions. with banks. In our view, a revision of the procedure with UNDP is also necessary in order to avoid the personal accounts of staff members being involved in any ITU operations. | ITU has taken note of Recommendation n. 13. However, ITU wishes to outline the difficulties for implementing this recommendation due to staff constraints and availability of RD. Requesting a third signature for all the bank transactions will certainly slow down the process and have a negative impact on efficiency of field offices. | **Update as of December 2019:**  No further update. |
| **Rec 14/2017** | With regard to the inventory, we recommend that Management should enhance the level of accuracy of the Asset register, in particular in relation to asset management and items that are disposed of after being written off. | ITU will further study Suggestion n. 3. Stationaries are bought as need arises to replenish the stock on many occasions during the year. The balances left at the year-end are not significant value and considered as immaterial.  ITU has taken note of Recommendation n. 14. ITU would like to highlight that since the end of 2013 IT assets are assigned to each individual. In addition, online platform on Inventory Records keep track of IT equipment assigned to each individual including Regional Offices. An update of software is planned in the end of 2018 that will be integrated directly with SAP that should resolve the issue with non-assigned IT equipment. When assets are written off, they are removed from asset register and disposed accordingly. Several service orders are issued on Asset Management. Trainings will be organized to Regional Offices to properly record and follow the service orders as well as the delivery of new inventory scanners is planned in 2019. | **Update as of December 2019:**  No further update. |
| **Rec 15/2017** | We recommend that, since the Basic Rules are obsolete, ITU should adopt a new Procurement Manual covering both the regular budget and the extra-budgetary funds. | ITU agrees with Recommendation n. 15 and confirms that the forthcoming Procurement Manual will, in principle, also be applicable to procurement of goods and services from extra-budgetary funds. | **Update as of December 2019:**  A new Procurement Manual has been adopted. |
| **Rec 16/2017** | In order to avoid any reputational risk for ITU, we recommend that: 1) in the case of Funds-in-Trust, clear and objective criteria to select the proposals should be established and the results should be communicated to bidders in a transparent way. | ITU agrees that clear and objective criteria shall be established for all procurement exercises regardless of funding source and that all procurement cases shall follow the procedures of the forthcoming Procurement Manual. The Manual outlines that the recommendation to award a contract shall be based on the clear and objective evaluation criteria as well as evaluation methodology, which shall be established prior to the issuance of the bid. This will mean that the recipient Government will not be able to recommend which vendor should be awarded. All awards above a CHF 50,000 threshold, shall be made public, and vendors are invited to request for a debriefing in regards to the assessment of their proposal. However, ITU does not agree to communicate its reasons for awarding a contract to a particular vendor, nor to allow vendors to have a right of recourse against the final decision of ITU. | **Update as of December 2019:**  A new Procurement Manual has been adopted. This manual also covers procurement for projects. |
| **Rec 17/2017** | We recommend that the Evaluation Group should be set up by the Procurement Division, in accordance with the Project Management Guidelines, chapter 4.2.2, point c), which states that the whole process for the procurement of goods and services is the responsibility of the Procurement Division. | The response to this recommendation is covered by the response to Recommendation n. 18 below. | **Update as of December 2019:**  This point has been taken into account in the new Procurement Manual.  A new post has been created in BDT for evaluation and reporting. |
| **Rec 18/2017** | In order to minimize risks for ITU, we also recommend that the Project Manager should not be appointed as a member of the Evaluation Group and that the Procurement Division should be the Coordinator of the Evaluation Group rather than the Project Manager. | ITU will further study partly Recommendations n. 17 and n. 18 since all offers need to be technically evaluated. The project manager is responsible for all technical aspects of the project and so he/she is the best person to technically evaluate the offers, along with other professionals that he/she proposes to participate.  Because most projects are implemented in the field under a project manager who knows the reality on the ground, the latter should be present with the evaluation team in HQ when decisions are made about the items to be procured.  The establishment of evaluation panels will follow the procedures set out in the forthcoming Procurement Manual. The technical evaluation will be carried out by the Technical Evaluation Panel (TEP). The Requesting Unit is responsible for appointing the members of the panel and this shall be established prior to the issuance of the tender. At least one member shall be a staff member from inside the Requesting Department, and at least one member shall be from outside the Requesting Department. The following shall guide the establishment of the panel. The panel shall consist of a group of minimum of three ITU staff members with interdivisional representation: i) Consultants or external experts designated by the Requesting Unit, or representatives of the beneficiary may sit on the panel, but will not have decision making power, ii) non-ITU staff members may not outnumber ITU staff members on the Panel, iii) a representative from the Procurement Division may guide and advice the Panel on its work, iv) TEP members shall sign a form declaring the absence of conflict of interest. The commercial evaluation shall be carried out by a staff member of the Procurement Division. A technically competent expert may be requested to support the commercial evaluation, if technical expertise is required. The expert may be external to the Union when in-house expertise is not available. | **Update as of December 2019:**  This point has been taken into account in the new Procurement Manual. |
| **Rec 19/2017** | In line with recommendation n. 11 of our Long-Form report on the audit of ITU’s financial statements for 2016, we recommend that a specific and detailed Declaration of absence of conflict of interest (DACI) should be provided duly signed by all the people involved in the procurement process. | ITU agrees that some key staff involved in the procurement process shall sign a DACI. | **Update as of December 2019:**  This point has been taken into account in the new Procurement Manual.  The concept paper is under review to enhance the Financial Disclosure form to include specific reference to accountability and to extend the obligation to file annually to all professional staff and Elected officials and potentially to all staff. |
| **Rec 20/2017** | Since we do not consider that the Project Management Guidelines, which should be directly and clearly linked to Procurement Rules, are sufficiently detailed, we recommend amending the Project Management Guidelines in order to better explain the role of the Procurement Division and make reference to the rules and procedures applicable to procurement. | ITU agrees with Recommendation n. 20. ITU has already started initial discussion on linking the Project Management Guidelines with the procurement rules and procedures. | **Update as of December 2019:**  The review and update of the current ITU Project Management Guidelines will initiate in January 2020, with a group of ITU staff which recently took part in the project management training and certification. A representative of the Procurement Division will take part. |
| **Rec 21/2017** | We recommend organizing regular training for all staff involved in the procurement process in the Regional Offices and Area Offices. | ITU agrees with Recommendation n. 21. Following the promulgation of the forthcoming Procurement Manual, training shall be offered to staff involved in the procurement process in the Regional Offices and Area Offices. | **Update as of December 2019:**  ITU conducted a first comprehensive project management training and certification in November 2019 for ITU staff (BDT – HQ and Regional/Area offices, Secretariat, BR, TSB) involved in the development, planning, implementation and support of ITU projects. Due to the success of this first training, a second group and training will be planned for 2020. |
| **Rec 22/2017** | In order to protect the staff, as well as the ITU’s interests and premises, we recommend that HQ’s Management should draft a standardised procedure and templates to monitor the various ROs’ activities in relation to office management, taking into account the different needs of each geographical area. | ITU agrees with Recommendation n. 22. ITU will develop a standardized procedure and templates aimed to monitor the various RO’s activities related to office management. | **Update as of December 2019:**  Under review. |

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