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| **Council Working Group on  Financial and Human Resources**  **Twelfth meeting – Virtual, 25-26 January 2021** |  |
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| **18 December 2020** |
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**Contribution by the Secretariat**

FOLLOW-UP ON THE RECOMMENDATIONS BY THE EXTERNAL AUDITOR

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

- status of the recommendations issued by the External Auditor;

- the recommendations made in the External Auditor’s Report on the audit of the financial statements for 2019;

- the recommendations made in the External Auditor’s Report on the Audit of the Union’s accounts on ITU Telecom World 2019.

## Status of the recommendations issued by the External Auditor

1.1 The first opened recommendations were issued in 2012. Since this date, a total of 69 recommendations have been issued by the External Auditor as follows:

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| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| Recommendations issued | 11 | 5 | 4 | 5 | 12 | 10 | 22 |
| Recommendations still ongoing | 2 | 0 | 0 | 2 | 4 | 4 | 14 |

1.2 The recommendations may be addressed to all the different departments or bureaux of the ITU. All the recommendations issued must be implemented in a timely manner, considering the financial and human resources of ITU but also the availability and progress of discussions with the external partners, when required.

1.3 The chart below represents the implementation rate over the years:

1.4 The management always pays the utmost attention to the recommendations issued by the External Auditors in order to improve transparency but also to enable efficient management.

1.5 The situation linked to Covid-19 and teleworking, in place since March 2020, have delayed some implementations and explain the rather low implementation rate in relation to the 2018 recommendations. It should also be noted that during the audit of the 2019 financial accounts, the External Auditors were not in a position to carry out their audit on site due to the situation.

1.6 In addition to the closed recommendations, nine recommendations are being implemented by the management but will be checked by the External Auditors during their 2020 audit which will again improve the implementation rate.

## Follow-up on the External Auditor’s recommendations relating to the ITU Financial Operating Report at 31.12.2019

| **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** |
| --- | --- | --- | --- |
| **Rec 1/2019** | We recommend that Management should collect information on the location of the IT equipment, making the individual staff responsible for updating their inventory records with this information  In this connection, we recommend enhancing this responsibility with stricter rules. | The yearly “physical inventory” will be scheduled for late 2020, early 2021. This should allow ITU to recollect information about equipment. SO 17/10 stipulates the responsibility of the individual ITU staff in validating and updating their inventory records, which can be done electronically from the Intranet Portal.  The ITU is in search of an improved way of reminding staff of outstanding inventory confirmation requests. And we are looking into how we can better enforce SO 17/10 | **Update as of December 2020:** No further development to date. |
| **Rec 2/2019** | In the event of the merging of vendors, we recommend updating the suppliers’ database immediately, as soon as the merger is disclosed | ITU agrees that the database of suppliers shall be timely updated in the event of merging of vendors. Further, ITU will investigate the legal and technical impacts and how to implement this recommendation | **Update as of December 2020:** Same as comments provided last September 2020. |
| **Rec 3/2019** | We recommend that, for each contract notice published on the website https://www.ungm.org/, once the contract has been awarded, all fields related to the tender, and in particular the contract value, should be filled in, for the sake of transparency | ITU believes it achieves transparency by sending a Letter of Regret to all unsuccessful bidders which contains the contract value of the awarded vendor | **Update as of December 2020:** Same as in September 2020. It is already an established practice in PROC to send the Letter of Regret to the unsuccessful bidders containing information on the contract value of the awarded vendor. |
| **Rec 4/2019** | It is noted that the previous backlog has been completely cleared. However, a targeted effort is now required to systematically update administrative data without creating a new backlog. Therefore we recommend that the processing of documents supporting staff entitlements be ensured in a timely manner, and that automated alert procedures be introduced to drive compliance. To this end, if not already covered by current duties, it might be appropriate to entrust a manager with specific responsibilities in this field.  We also reiterate our recommendation to urgently streamline in an action plan the steps necessary to satisfactorily solve the issues related to the integration of new functionalities into the ERP system. This should include the support of additional external resources, where needed to develop the required enhancements.  In the meantime, we recommend quantifying and properly disclosing the potential impact of retroactive recoveries on ITU accounts | ITU supports the recommendations on the reinforcement of the integration of the existing business processes into the ERP system for reducing manual processing and introducing more automation, with an objective of simplification, reduction of time processing, and reduction of risks. HRMD has been working with the IS Department on an SAP HR Enhancement project prioritizing a list of 73 items to be addressed, from bugs resolving to development of new functionalities. | **Update as of December 2020:** Under implementation. Among the 73 listed items, 47 are finalized or closed, 18 are ongoing and 13 have not yet started. |
| **Re 5/2019** | We also recommend considering the enhancement of the e-filing project and the development and implementation of a real information management system, including through investment in external services | ITU supports that recommendation, in general, but also more particularly in the context of the working environment that has been developed in the COVID-19 situation, with a multiplication of documents being produced and processed in an electronic format, but not being managed within a system, including the ERP HR system | **Update as of December 2020:** Comments previously made remain valid.  Budgets constraints (voluntary departure and recruitment processes into Salary Service and Financial benefits), mandatory activities from ICSC (pays cuts calculations related to judgement 41370) and new mandatory priorities in IS developments (new health insurance UNSMIS implementation) postponed the finalization of requirements for an HRMD e-filling in 2019 (see below Rec 2./2017). |
| **Rec 6/2019** | We recommend giving impetus to the enforcement of the new Strategic framework, through operational plans and a timeframe to implement them | The implementation of the HR Strategic plan has been reported in document C20/54 “Progress report on the implementation the HR Strategic Plan and of Resolution 48 (rev. Dubai, 2018). A number of process improvements have been achieved; and new and updated polices have been put in place.  Within the HR goals and the objectives of improving the delivery capacity of ITU, concluded initiatives through the four pillars: (1) Fit-for-purpose workforce integrating diversity and agility (aligning ITU workforce to the ITU goals), (2) Engaged employees, (3) Excellence-driven HR services, (4) Enabling work environment; the activities were implemented, producing the outputs described in column F of the table attached to the document.  The BDT has undergone the leadership culture assessment and is currently advancing an action plan to address areas that require further strengthening.  The staff mobility policy is also taken up in the PwC review. | **Update as of December 2020**: In addition, a skills gap and cultural diagnosis project has been launched across ITU, in the context of HLCM and The Future of the UN Workforce. This project will allow identifying and strengthening the organizational and staffing future requirements.  The LCA has been extended to all General Secretariat and Bureaux. BDT is now at the stage of LCA action planning. |
| **Rec 7 /2019** | We renew our recommendation 21/2018 “that the Ethics Officer ensure an adequate degree of confidentiality through a better protection of the identity of the whistleblower”, adding that ITU should also provide assurance of protection in respect of national judicial authorities.  We also recommend establishing an internal path to ensure prompt and confidential assessment of allegations by independent investigators (further to a prima facie assessment by the Ethics Officer). Within ITU, it is essential that the investigative function be entrusted to a special entity, independent of any other office within the organization and with a clear reporting line. Allegations that cannot be dealt with internally, for example because they are directed against top management or because they require special skills (IT, forensic, etc.) not possessed within the ITU, should be managed by external specialized investigators (such as OIOS). | The new Service Order 20/06, Policy and Protection for Reporting Misconduct (Whistleblowing) was promulgated in September 2020.  Service Order 20/06 contains strengthened provisions that describe the confidentiality provided to whistleblowers in order to ensure an adequate degree of confidentiality to better protect of the identity of whistleblowers and to ensure an adequate degree of confidentiality when there may be requests from judicial authorities.  The Service Order 19/10, ITU Investigation Guidelines, currently provides for the assignment of investigation cases to external investigative bodies in such circumstances when the investigation cannot be assigned internally. | **Update as of December 2020:**  ITU Secretariat has requested the ITU Council to authorize that a new P.4/P.5 grade investigator post be funded through the Union's Reserve Fund, given that, to date, there is none formally focusing on such function.  This was considered by the Second Virtual Consultation of Counsellors and approval by correspondence for a P.5 investigator post is expected in the coming weeks. |
| **Rec 8/2019** | In underlining the fact that the “Further report” offers new confirmation of our criticisms of the internal control systems in the regional area, we recommend that ITU:   1. extend the investigation to the entire perimeter of the activities carried out by the fraudster to determine: i) whether further staff members and other people outside ITU should be considered; ii) the exact amount due as a result of the fraudster’s misconduct (including through requesting the cooperation of the national investigative authorities of the countries concerned); 2. complete the disciplinary proceedings currently underway with the greatest possible urgency, so as to ensure that concrete effects can result from this 3. consider including in the Staff Regulation a provision along the lines of the UN Compendium of Disciplinary Measures to establish the recovery of financial loss from those staff members whose misconduct has been ascertained as the cause of the loss in the context of disciplinary proceedings. | The Secretary-General would like to bring to the External Auditor’s attention a particular aspect of ITU’s efforts to hold accountable those responsible for the fraud (not least, the main responsible individual for it), that the External Auditor may not be aware of. Please know that the Secretary-General intends to institute legal proceedings before Thai domestic courts against the perpetrator of the fraud and his accomplices. To that end, the ITU Legal Affairs Unit has been in contact with the Thai national authorities for several months now, and will continue its efforts to seek their guidance and assistance.  respect to the recommendation n. 8, the Secretary-General comments more specifically:  Regarding part a) of the recommendation: ITU is currently not equipped nor competent to investigate the important items identified. However, these elements may be examined in the context of a complaint before the Thai domestic courts;  Regarding part b) of the recommendation: The ongoing disciplinary proceedings will be completed in the next few weeks in order to ensure that concrete effects can result from the proceedings;  Regarding part c) of the recommendation: Such a provision does not exist in the ITU regulatory framework and the UN regulations are not applicable per se to ITU. The Secretary-General would be ready to consider the possibility of introducing such a provision in the ITU Staff Regulations and Staff Rules. | **Update as of December 2020:** See comments made by the management. |
| **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.  **Update as of September 2020:**  Some banks have still not registered our instructions we therefore are still doing a regular follow up on this issue.  **Update as of December 2020**: Control and coordination with the different banks are done on a regular basis. |
| **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.  **Update as of September 2020:**  Under implementation.  **Update as of December 2020:** Under implementation. |
| **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.  **Update as of September 2020**  A revised financial disclosure policy, ITU Policy on Declaration of Interests (Service Order 20/07), was published in September 2020. The new financial disclosure exercise will be expanded to all staff beginning in January 2021 and includes a new disclosure form.  The Ethics Office is currently completing its financial disclosure exercise for the 2019 disclosure forms and continues to review each declaration to determine whether any further follow-up is required.  **Update as of December 2020:**  The new disclosure exercise will be administered beginning in Q1 2021. The Ethics Office is currently developing with the IS department an electronic version of the disclosure form. |
| **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.  **Update as of September 2020:**  BDT and IS are studying the feasibility of including country-level reporting in SAP  **Update as of December 2020:** Enhanced IT tools including dashboards are in use for planning, reporting and monitoring and were effectively implemented for OP-2021. Country level statistics will be included in SAP from 2021. |
| **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.  **Update as of September 2020:**  Revised cash management guidelines have been shared with regional and area offices and information meetings were held.  Guidelines for the procurement of assets for projects and inventory of project assets under ITU custody has been prepared. The SAP system is configured and ready to include project assets under ITU custody in the inventory system.  **Update as of December 2020:** Procurement Training for staff in Regional Offices took place in November and December 2020. Consideration is being given for a comprehensive Regional Operating Manual. |
| **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.  **Update as of September 2020:**  In July 2020, as part of the RBM process, BDT implemented a Delegation of Authority document which contained approval thresholds applicable to RDs, establishing a $15,000 threshold for expenditure approvals at the RD level with clear accountability lines.  **Update as of December 2020:** Comments made are still valid. |
| **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.  **Update as of September 2020:**  In the revised *Cash management and financial guidelines for Regional/Area Offices*, unannounced checks can be carried out by Regional Directors or FRMD.  **Update as of December 2020:** At the information meetings on Cash Management, Regional Directors were requested to carry out unannounced checks on the petty cash register. |
| **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.  **Update as of September 2020:**  This was planned to be implemented in 2020, however due to Covid, all mission travel was suspended. Implementation will resume once travel is resumed in the Covid recovery period.  **Update as of December 2020:** Comments made are still valid. |
| **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.  **Update as of September 2020:**  This recommendation is still under review as all mission travel was suspended. Implementation will resume once travel is resumed in the Covid recovery period.  **Update as of December 2020:** Comments made are still valid. |
| **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.  **Update as of September 2020:**  The work on reinforcing and streamlining the policies and procedures in those areas have been progressing, in the context of the work done by the Internal Controls Group managed by the BDT. It covers the areas mentioned in the Comments column.  **Update as of December 2020:** Comments made are still valid. |
| **Rec 18/2018** | **We recommend that Management take urgent action to implement the open recommendations by the IA and EA relating to regional activities, with particular regard to Procurement** | **ITU takes note of this recommendation.** | **See Annex 1** |
| **Rec 19/2018** | With a view to remedying promptly the issues that were detected long ago, we reiterate our recommendations to the effect that, in order to prevent the risk of inaccuracies and delays in data processing, Management should:  1) implement extraordinary measures to clear the backlog in personal files and update them all within as short a time as possible, giving high priority to this task;  2) take urgent action, including through investment in external services, to enhance the HR ERP system and solve the issues/bugs identified in the implementation plan within an established timeframe. | The recommendation is supported.  Organizational measures have been taken in the HRM Department for clarifying the responsibilities in the area of the determination of entitlements and their processing, and reinforcing the human capacities. A review of related business processes in also undertaken for streamlining them and reinforcing the quality control through a better segregation of responsibilities in the HRM Department.  In addition, from a system point of view, HRMD and the IS Department launched in the beginning of 2019 a 2 years HR-enhancement project which will address several of the above mentioned deficiencies in ERP system.  Secondly, the DSG has established a Task Force to automate (self-services) and digitize manual forms used by staff in their interaction with HRMD concerning benefits, entitlements, pension, insurances etc. | **Update as of September 2020:**  The backlog has been cleared with the assistance of an additional short term human resources  Reinforcement of the integration of the existing business processes into the ERP system for reducing manual processing and introducing more automation, with an objective of simplification, reduction of time processing, and reduction of risks has been established as a priority.  HRMD has been working with the IS Department on an SAP HR Enhancement project prioritizing a list of 73 items to be addressed, from bugs resolving to development of new functionalities.  Digitization of administrative forms have been completed.  A further development is being worked with the ISD for their integration into the Employee Self Service environment as well as in the HR ERP system.  **Update as of December 2020:** See comments on Rec 2/2019 |
| **Rec 20/2018** | In order to ensure the successful achievement of the new strategic framework, we recommend that Management should urgently:  1) explore ways to streamline the current workflows and procedures affecting the HR management functions and decide on the degree of autonomy desired to attain more efficiency and greater accountability (starting from those procedures which have revealed major weaknesses, such as the recruitment of consultants); | The recommendations are supported. As mentioned vis-à-vis the recommendation No. 19, a review of existing processes and workflows is underway with a view to streamlining, simplifying and automating those processes, and for a better integration into the ERP environment.  As to the inventory of technical competencies, which represents the third pillar of the newly implemented competency framework, the completion of the exercise is part of the implementation of the new HR Strategic plan established for submission to the Council session 19 for approval, and as part of succession planning activities. | **Update as of September 2020:**  1) this objective is fully integrated into the project referred to vis-à-vis Rec. 19/2018  **Update as of December 2020:** Comment made in September 2020 remain valid. |
| **Rec 21/2018** | We […] recommend that the Ethics Officer ensure an adequate degree of confidentiality through a better protection of the identity of the whistleblower. | The degree of confidentiality that the organization can guarantee in relation with the identity of a whistleblower is established in the relevant ITU legal texts and as to be evaluated by taking also into consideration the other obligations imposed on the organization throughout an investigation process and a disciplinary action, in terms in particular of due process and protection of the right to defence of all parties involved in a specific case (alleged offender(s) or perpetrator(s), witnesses, ….).  Service Order 11/04 on the ITU policy for the protection of Staff against retaliation for reporting misconduct is establishing that Protection of the identity of a staff member who reports misconduct or who cooperates with a duly authorized official, auditor investigation, will be maintained to the extent possible within the legitimate needs of the ITU’s Regulations and Rules, the requirements related to the investigation as well as the obligation for the organization to respect the principle of due process. Should such a staff member himself or herself disclose his or her identity, ITU will not be obliged to maintain confidentiality. In addition, Service Order 19/10 in investigation guidelines is also establishing confidentiality principles, in its paras 8 to 11. It establishes in particular that unauthorized disclosures of the identity of a complainant, a subject of the investigation or a witness, any other investigative information, or any other information that current or former ITU personnel may have obtained relating to the investigation process constitutes a breach of confidentiality and may result in administrative action, including a disciplinary action pursuant to the relevant provisions of the ITU Staff Regulations and Staff Rules. | **Update as of September 2020:**  The new Service Order 20/06, Policy and Protection for Reporting Misconduct (Whistleblowing) was promulgated in September 2020.  Service Order 20/06 contains strengthened provisions that describe the confidentiality provided to whistleblowers in order to ensure an adequate degree of confidentiality to better protect of the identity of whistleblowers and to ensure an adequate degree of confidentiality when there may be requests from judicial authorities.  **Update as of December 2020:**  The Ethics Office is planning awareness raising and ethics training sessions, to begin in Q1 2021, which will include topics on retaliation and whistleblower protection. |
| **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.  **Update as of September 2020:**  As a result of COVID‐19, the workplace will be forever changed. it’s going to be modified in strategic ways, incorporating new practices, new protocols, and new technologies.  These changes will incorporate the lessons learned from our extended time working from home. In the context of the pandemic, the ITU has proven that it can work effectively using teleworking and to the extent possible electronically.  To address the latter of aspects that must be treated, the secretariat recommended consultants may need to be contracted.  Consequently, a tender was issued beginning of September to appoint a specialised firm to develop a HR Staff Working Conditions Implementation Plan. Given the most recent impact of Covid19 on work practices among which teleworking, and homeworking became necessary, the first deliverable will include initial outcomes and findings on ITU job profiles, work practices and recommendations to be considered for the implementation into the staff relocation proposal and new building office space allocation and/or design.  **Update as of December 2020:** Comments above remain valid. |
| **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 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.  **Update as of September 2020:**  Although the COVID-19 situation have been having an impact on the various projects, the review of the HR related ITU functionalities continues and some of the priorities identified are about to be completed, such as the integration of the education grant scheme into the SAP-HRM module.  The project related to e-filing is being re-evaluated since a large majority of HR actions had to be managed remotely and in an electronic format. The level of dematerialization of documents has been significantly increased in the context of teleworking imposed by the COVID-19 confinement. This reinforces the need of putting in place a strong information management architecture, policies and tools  **Update as of December 2020:** Covid-19 period and lockdowns accelerated the transition from paper-dependant business processes to simplified and fully digital documentation. Initially centralized in a unique project e-filling, these requirements definition have already been managed by HRMD heads of service, sorted out in real time and managed in a decentralized way during Covid-19 period.  However, to accelerate the transition, it has been decided to reinforce the willingness to sort out a new e-filling with all required support.  This project transformed itself from an individual research for a specific tool to a secure technology shared and supported in a collective approach within a 5 five years’ timeframe. |
| **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.  **Update as of September 2020:**  The September 2019 comment remains valid. A report had been prepared for submission to the 2020 Council session but was not considered by the Virtual council consultation In June 2020. It has been postponed and scheduled for consideration at the next Council session.  **Update as of December 2020:** No substantive update. The 2020 update submission has yet to be made to Council. |
| **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.  **Update as of September 2020:** Implemented.  **Update as of December 2020:** Implemented. |
| **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.  **Update as of September 2020:**Implemented.  **Update as of December 2020:** Implemented. |
| **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.  **Update as of September 2020:** Implemented.  **Update as of December 2020:** Implemented. |
| **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.  **Update as of September 2020:** Implemented.  **Update as of December 2020:** Implemented. |
| **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.  **Update as of September 2020:** Implemented.  **Update as of December 2020:** Implemented. |
| **Rec. 1/2015** | ***The accuracy of the Asset Register needs 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.  **Update as of September 2020:**  New SAP inventory software and scanning system has been installed by ISD/ERP team and functioning well.  All regional and area offices are provided with scanners.  **Update as of December 2020:** See above. |
| **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  **Update as of September 2020:**  New depreciation parameters for building is applied effective 1st January 2020 in accordance with UN practices. Adjustments to net book value will be carried out accordingly in 2020 financial period.  Amendments to Financial Rules and Regulations has been proposed to Council to remove the of CHF 5000, which will allow ITU to set lower capitalization threshold internally and capitalize low value items  **Update as of December 2020:** The VCC2 approved the Amendments to Financial Regulations and Financial Rules related to the capitalization threshold which will allow ITU to set lower capitalization threshold internally and capitalize low value items. This will be implemented as from 2021. |
| **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.  **Update as of September 2020:**  No further development since last year.  **Update as of December 2020:** See above. |
| **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.  **Update as of September 2020:**  For FMD, there were 82 assets not found in the 2019 physical inventory, corresponding to an acquisition value of 34’576 CHF. The field office inventory was unaffected, with all assets located.  For IT equipment, there were approx. 600 assets not found in the 2019 physical inventory, corresponding to an acquisition value of 588’781 CHF for headquarter and 16’264 CHF for field office.  **Update as of December 2020:** See 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 1/2019** | We therefore recommend Management to strengthen daily monitoring of spaces occupied during the Event, in particular, common spaces and services, inviting Exhibitors to occupy spaces in accordance with their contracts | Despite the recurrence of this problem we agree with the recommendation and efforts will not be spared to monitor at least twice a day to ensure that exhibitors do not use spaces around the stands that they have not rented | **Update as of December 2020 :**  Following the postponement of the 2020 Telecom event to 2021, Telecom continues to consider and plan to enforce solutions agreed for this recommendation as per the comments made and will provide an update after the next event which will take place in Hanoi, Vietnam from 12-15 October 2021. |
| **Rec 2/2019** | Considering that a daily constant monitoring of spaces occupied might end not only in an efficient development of the Event (as stated in Recommendation 1) but also in higher source of  revenues, we recommend Management to explore the possibility to insert in the rental contracts, legal formulas that will consider flexibility that if an Exhibitor occupies, for whatever reason, spaces larger than contracted, Telecom Word might send an additional invoice to the Exhibitor. | There is a clause in the Exhibitor Contracts and in the Annexes to the Contracts with provisions that allow us to invoice spaces that are occupied beyond the rented space. The issue will be to enforce this. | **Update as of December 2020 :**  Following the postponement of the 2020 Telecom event to 2021, Telecom continues to consider and plan to enforce solutions agreed for this recommendation as per the comments made and will provide an update after the next event which will take place in Hanoi, Vietnam from 12-15 October 2021. |
| **Rec 3/2019** | In order to understand how to more effectively and efficiently expand the success of an Event, we recommend monitoring daily the activities developed in the various stands and, if spaces rented are not attended by anyone in-charge, building up a fast response process that might understand immediately the reasons for the lack of attendance in a specific stand and to try to help the Exhibitors to solve promptly potential problems arising during the Event | This recommendation is well noted and efforts will be made to understand why the stand is unattended and what would be an immediate solution | **Update as of December 2020 :**  Following the postponement of the 2020 Telecom event to 2021, Telecom continues to consider and plan to enforce solutions agreed for this recommendation as per the comments made and will provide an update after the next event which will take place in Hanoi, Vietnam from 12-15 October 2021. |
| **Rec 4/2019** | We recommend adopting ad hoc signed documents when a modification of the terms of service given to clients causes an unforeseen increase of costs | This recommendation is well noted. However we could rewrite the clause in the contract making it very clear to avoid misunderstanding on what is provided by ITU. | **Update as of December 2020 :**  Following the postponement of the 2020 Telecom event to 2021, Telecom continues to consider and plan to enforce solutions agreed for this recommendation as per the comments made and will provide an update after the next event which will take place in Hanoi, Vietnam from 12-15 October 2021. |
| **Rec 5/2019** | We recommend carefully checking the wording of the agreements to avoid future similar misunderstanding. | This is noted | **Update as of December 2020 :**  Following the postponement of the 2020 Telecom event to 2021, Telecom continues to consider and plan to enforce solutions agreed for this recommendation as per the comments made and will provide an update after the next event which will take place in Hanoi, Vietnam from 12-15 October 2021. |
| **Rec 6/2019** | We recommend adopting formal decisions about the treatment, in the specific event and in future ones, of barter partners that faulted in giving the services specified in their agreement. | The recommendation is noted. Telecom shall adopt a formal decision and reinforce this in future barter agreements. | **Update as of December 2020 :**  Following the postponement of the 2020 Telecom event to 2021, Telecom continues to consider and plan to enforce solutions agreed for this recommendation as per the comments made and will provide an update after the next event which will take place in Hanoi, Vietnam from 12-15 October 2021. |
| **Rec 7/2019** | Since the position of some subject as ITU Partner, as Forum participant and as promotion partner in order to minimize the risk of conflict of interest, we recommend avoiding such overlapping of roles given to the same person, company or authority | Telecom Secretariat will study carefully functions and business scope of related entities and implement this recommendation on a case by case basis. | **Update as of December 2020 :**  Following the postponement of the 2020 Telecom event to 2021, Telecom continues to consider and plan to enforce solutions agreed for this recommendation as per the comments made and will provide an update after the next event which will take place in Hanoi, Vietnam from 12-15 October 2021. |
| **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.  **Update as of December 2020 :**  Following the postponement of the 2020 Telecom event to 2021, Telecom continues to consider and plan to enforce solutions agreed for this recommendation as per the comments made and will provide an update after the next event which will take place in Hanoi, Vietnam from 12-15 October 2021. |
| **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.  **Update as of December 2020 :**  Following the postponement of the 2020 Telecom event to 2021, Telecom continues to consider and plan to enforce solutions agreed for this recommendation as per the comments made and will provide an update after the next event which will take place in Hanoi, Vietnam from 12-15 October 2021. |

ANNEX 1

| **N.** | **Recommendation made by the Italian Corte dei conti** | **Comments received from Secretary-General at the date of the audit report** | **Internal Auditor's Management Letter SG-SGO/IA/19-09** | **Status as reported by ITU Management (on IA's Management Letter)** | **External Auditor's Previous Recommendations in the Long Form and Special Reports** | **Status as reported by ITU Management (on EA's recommendations)** | **Status as assessed by the Italian Corte dei conti** |
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| **Rec.  18/2018 (reference to Table 2 of report C19/40-E)** | **We recommend that Management take urgent action to implement the open recommendations by the IA and EA relating to regional activities, with particular regard to Procurement.** | **ITU takes note of this recommendation.** | **RE: Recommendations on the outdated Procurement procedures for projects/Funds-in-Trust** | | | | |
| **01/19-09/ML:** It is recommended that FRMD/PROC Division in consultation with the Director, BDT, reviews the relevance and validity of -as well as the risk containment by- the Basic Rules for procurement of equipment for I.T.U technical cooperation and assistance projects. | *Ref Document CWG-FHR 10/15 (Sept 2019): Point 7* ***Implemented*** *These Basic Rules have been abrogated by C-19 and replaced by the new Procurement Manual.* | **Report n. C17/40-E Audit of Financial Statements for 2016 Recommendation n. 4** 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 | ***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.*  ***Update as of September 2020***  *Implemented*  ***Update as of December 2020 :*** *Implemented* | Ongoing  We will monitor the implementation in the contest of our next audits |
| **02/19-09/ML:** To ensure greater procurement transparency and accountability, IA recommends the use of a single procurement method across the Union by Chief, FRMD issuing the expected ITU Procurement manual immediately. | *Ref Document CWG-FHR 10/15 (Sept 2019): Point 7* ***Implemented*** *See above* | **Report n. C17/40-E Audit of Financial Statements for 2016 Recommendation n. 5** We therefore recommend that ITU introduce a written procedure to be followed by ITU’s staff for procurement cases below CHF 20.000.  **Suggestion n. 2**  Furthermore we suggest that ITU should revise the threshold for soliciting a minimum of three quotations to guarantee the sound financial management of the process | ***Update as of December 2019:***  *Implemented as per ITU Procurement Manual of June 2019.*  ***Update as of September 2020***  *Implemented*  ***Update as of December 2020 :*** *Implemented* | Ongoing  We will monitor the implementation in the contest of our next audits |
| **03/19-09/ML:** It is recommended that Head, FRMD/PROC implements a cumulative vendor payments monitoring on a consistent timely basis as part of the check to ensure small amounts are not escaping under any set thresholds of review. | *Ref Document CWG-FHR 10/15 (Sept 2019) Point 8* ***Implemented*** *Procurement has implemented new procedures to do this on a monthly basis* | **Report n. C18/40-E Audit of Financial Statements for 2017 Recommendation n. 7** We recommend that PROC should prepare Guidelines covering all aspects of the procurement process below 20 KCHF to be communicated to the staff concerned. For instance, the Guidelines should consider the following: 1) which are the minimum elements of the requisitions; 2) how potential suppliers shall be identified; 3) that bidding is required and a minimum number of quotations is sought, unless properly justified by the client/requisitioner and previously approved by PROC; 4) how the evaluation of the quotations shall be performed; 5) how the Purchase Order/Contract shall be awarded. | ***Update as of December 2019:***  *Implemented as per ITU Procurement Manual of June 2019.*  ***Update as of September 2020***  *Implemented*  ***Update as of December 2020 :*** *Implemented* | Ongoing  We will monitor the implementation in the contest of our next audits |
|  |  | **Report n. C18/40-E Audit of Financial Statements for 2017 Recommendation n. 8** We recommend that all procurement process (from the tender dossier to the contract awarded) should be properly documented so as to ensure accountability, transparency and auditability. | ***January 2020***  Implemented  ***Update as of September 2020***  *Implemented*  ***Update as of December 2020 :*** *Implemented* | Ongoing  We will monitor the implementation in the contest of our next audits |
|  |  | **Report n. C18/40-E Audit of Financial Statements for 2017 Recommendation 9** We recommend that a Declaration of Absence of conflict of interest (DACI) should be signed by the staff involved in the procurement process stating that they do not have any conflict of interest that may affect the procurement process. | ***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.*  ***Update as of September 2020***  *Implemented*  ***Update as of December 2020 :*** *Implemented* | Ongoing  We will monitor the implementation in the contest of our next audits |
|  |  | **Report C18/125-E Special Report on Regional Presence Recommendation 15** 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. | ***Update as of December 2019:***  *Implemented as per ITU Procurement Manual of June 2019.*  ***Update as of September 2020***  *Implemented*  ***Update as of December 2020 :*** *Implemented* | Ongoing  We will monitor the implementation in the contest of our next audits |
|  |  | **Report C18/125-E Special Report on Regional Presence Recommendation 17** 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. | ***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.*  ***Update as of September 2020***  *Implemented*  ***Update as of December 2020 :*** *Implemented* | Ongoing  We will monitor the implementation in the contest of our next audits |
|  |  | **Report C18/125-E Special Report on Regional Presence Recommendation 18** 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. | ***Update as of December 2019:***  *This point has been taken into account in the new Procurement Manual.*  ***Update as of September 2020***  *Implemented*  ***Update as of December 2020 :*** *Implemented* | Ongoing  We will monitor the implementation in the contest of our next audits |
|  |  | **Report C18/125-E Special Report on Regional Presence Recommendation 19** 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. | ***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.*  ***Update as of September 2020:***  *A new financial disclosure policy has been implemented*.  ***Update as of December 2020 :*** *Implemented* | Ongoing  We will monitor the implementation in the contest of our next audits |
|  |  | **Report C18/125-E Special Report on Regional Presence Recommendation 20** 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. | ***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.*  ***Update as of September 2020:***  *The new ITU Project Management Manual was approved and introduced in July 2020. The project support division is currently implementing an adoption plan to support the process to introduce the new principles established by the manual.*  ***Update as of December 2020 :*** *comments above remain valid* | Ongoing |
| **Recommendations on the lack of fraud awareness among PROC staff** | | | | |
| **04/19-09/ML**: It is recommended that Chief, FRMD organizes for PROC staff awareness training on the vulnerabilities and risks associated with fraud schemes that ITU could be exposed to. | January 2020  A staff awareness training on the vulnerabilities and risks associated with fraud schemes that ITU could be exposed to, will be organised in 2020 for PROC staff. | **Report n. C18/40-E Audit of Financial Statements for 2017 Recommendation n. 5** 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. | **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.  ***Update as of September 2020***  *Implemented*  ***Update as of December 2020 :*** *Implemented* | Ongoing  We will monitor the implementation in the contest of our next audits |
| **05/19-09/ML:** It is recommended that the Chief, HRMD, includes in the standard ITU Staff mandatory training a module on fraud awareness and schemes. |  | **Report n. C18/40-E Audit of Financial Statements for 2017 Recommendation n. 6** We recommend Management to update the ITU SRM software to allow the monitoring of Purchase Orders/contracts executed in case of waiver of competition. | **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.  ***Update as of September 2020***  Implemented. Mandatory trainings have been put in place.  ***Update as of December 2020 :*** *Implemented* | Ongoing  We will monitor the implementation in the contest of our next audits |
|  |  | **Report C18/125-E Special Report on Regional Presence** We recommend organizing regular training for all 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.*  ***Update as of September 2020:***  *Procurement training for Regional Office staff took place in November 2020*  ***Update as of December 2020 :*** *see above* | Ongoing  We will monitor the implementation in the contest of our next audits |
| **Recommendation on the ineffective oversight role at the level of the RO** | | | | |
| **06/19-09/ML** It is recommended that the Director, BDT strengthens the oversight at the regional office level by providing more details on the roles, responsibilities and accountabilities of the Regional Directors and holds them accountable for those oversight responsibilities (with the right balance between trust and accountability). | *Ref Document CWG-FHR 10/15 (Sept 2019) Point 6* ***Implemented*** *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. Mail from R. Barr 18/10/2019: copy of the Memo mentioned below* | **Report C18/125-E Special Report on Regional Presence Recommendation n. 13** 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 September 2020:***  *Revised guidelines for petty cash have been shared with regional and area colleagues. Information meetings were held between Finance and all External Offices to explain the processes.*  ***Update as of December 2020 :*** *see above* | Ongoing  We will monitor the implementation in the contest of our next audits |
| **07/19-09/ML:** It is recommended that the Director, BDT strengthens the oversight at the project levels by a fine-tuned defining of the roles, responsibilities and accountabilities of staff in the project management cycle before, during and after its implementation. | *Ref Document CWG-FHR 10/15 (Sept 2019): Point 9* ***In progress*** *The procurement process to select a company for the delivery of project management training and certification and the review and update of the new project management manual has been finalized.*  ***Update as of September***  *The new ITU Project Management Manual was approved and introduced in July 2020. The project support division is currently implementing an adoption plan to support the process to introduce the new principles established by the manual. The manual includes roles, responsibilities, and accountability of all actors involved in the projects* | **Report C18/125-E Special Report on Regional Presence Recommendation n. 11** 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 September 2020:**  In July 2020, as part of the RBM process, BDT implemented a Delegation of Authority document which contained approval thresholds applicable to RDs, establishing a $15,000 threshold for expenditure approvals at the RD level with clear accountability lines.  ***Update as of December 2020 :*** *comments above remain valid* | Ongoing  We will monitor the implementation in the contest of our next audits |
| **08/19-09/ML:** It is also recommended that the Chief, HRMD, in collaboration with the Director, BDT promptly implements the recommendations as per the inspection report of IA from 2016, including the introduction of competitive procedures for selection of consultants. | *Ref Document CWG-FHR 10/15 (Sept 2019) Point 16* ***In progress*** *The members of the Coordination Committee of ITU have agreed on the principle.*  ***Update as of September 2020*** *:*  *Under implementation*  *A new e-rcrutement system is under procurement* |  |  | Ongoing |
| **09/19-09/ML**: It is recommended that the Chief, HRMD in collaboration with the Director, BDT re-enforces the evaluation system/process applicable at the end of each SSA consultant’s mandate. This should include introducing at least a two level sign-off (meaning the direct supervisor/recipient of the SSA services and a hierarchical manager of that supervisor) as well as a documented “blacklisting” of those SSA individuals whose performance was not satisfactory. | *Ref Document CWG-FHR 10/15 (Sept 2019) Point 17* ***In progress***  ***Update as of September 2020 :***  *In progress*  *SSA’s deliverables are now uploaded in BDT portal before payments.* |  |  | Ongoing |
| **10/19-09/ML** It is also recommended that the Director, BDT in collaboration with the Chief, HRMD establishes the pre-checked talent roster principle by compiling and maintaining a living active up to date roster of valid SSA candidates with pre-checked CV’s confirming proven histories of viable experience/academic qualifications. | *See Mail from R. Barr 9/10/2019* ***In progress***  ***Update as of September:***  In progress |  |  | Ongoing |
| **11/19-09/ML** It is also recommended that the Director, BDT ensures that work of experts is verified by the concerned Head of Department or Regional Director and stored in a database where it can be accessed with a view of ensuring that the hiring manager and hierarchical supervisor are accountable and confirming that the report is of the required quality. | ***Update as of September:***  *In progress*  *SSA’s deliverables will be uploaded in BDT portal before payments* |  |  | Ongoing |