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|  | **Document CWG-FHR-16/3** |
| **11 September 2023** |
| **English only** |
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| Contribution by the secretariat |
| Proposed amendments to the Financial Regulations and Financial Rules – Edition 2018 |
| **Purpose**This document presents an update to the Financial Regulations to the Council in order to improve financial accountability of the secretariat, improve internal control processes and provide transparency in line with taking into account current best practices of the United Nations and of the specialized agencies.This document presents the proposed amendments to Annex 2 to the Financial Regulations and Financial Rules in order to be aligned with the guidelines on the in-kind contributions. Furthermore, with the creation of the Oversight Unit, there is also a need to update Article 29 of the Financial Regulations and Financial Rules.The Council Working Group on Financial and Human Resources is invited to review and endorse the below proposed amendments to the ITU Financial Regulations and Financial Rules in order to submit the document to the additional session of the 2023 Council.**Action required**The Council Working Group is invited **to review and endorse** the proposed amendments to the Financial Regulations and Financial Rules.When the Financial Regulations are approved by Council, the financial rules in conformity with the Financial Regulations will be amended and shared with the Council.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**References**Document [CWG-FHR-15/4](https://www.itu.int/md/S22-CWGFHR15-C-0004/en) |

**Proposed amendments to the
Financial Regulations and Financial Rules - 2018 Edition**

**Introduction**

This document presents an update to the Financial regulations to the council in order to improve financial accountability of the secretariat, improve internal control processes and provide transparency in line with taking into account current best practices of the United Nations and of the specialized agencies.

Specific changes to this document are as follows:

**PREAMBLE, paragraph 3, second sentence**

1. This sentence has been deleted as all funds managed by ITU including project funds should be administered under ITU’s Financial Regulations.

**Article 1 - Management and control of the finances of the Union**

1. Move paragraphs 5 and 6 to the financial rules.

**Article 3 - ITU TELECOM secretariat budget**

1. Propose to delete this Article as ITU Telecom is no longer an event.

**Article 9 - Approval of the biennial budget**

1. Propose to delete paragraph 4.

**Article 10 - Implementation of the budget of the Union: Role of the Secretary-General**

1. Paragraph 6, delete the reference to ITU telecom activities.
2. Paragraph 6, to move reporting to web based platform.

**Article 11 – Withholding account and transfers of appropriations**

1. Introduction of the paragraph Withholding account to manage financial accountability.

**Article 15 – Custody of Cash and Cash equivalents**

1. Introduction of new text to strengthen financial accountability on ITU’s cash and cash equivalents.

**Article 16 - Investment of Cash and Cash equivalents**

1. Introduction of new text to strengthen investment accountability on ITU’s cash and cash equivalents.

**Article 18 - Accounts and financial statements**

1. Introduction of new text to strengthening accounts and financial statements

**Article 19 - ITU TELECOM exhibitions, forums and similar events organized by the Union**

1. Propose to delete the article to reflect current business operations.

**Article 19 – Funds –** Introducing fund accounting to better reflect accounting requirements.

**Article 26 Accrued liability for other staff benefits –** Updating text to reflect full IPSAS compliance.

**Article 27 - Net Assets including Reserve Account –** to update text to reflect the actual business practices.

**Annex 2 «Rules, procedures and financial arrangements for voluntary contributions and trust funds»** to the Financial Regulations and Financial Rules that need to reflect the new guidelines on the in-kind contribution.

These proposed amendments to Annex 2 to the ITU Financial Regulations and Financial Rules are needed in order to conform with No. 486 of the ITU Convention, which states that the Financial Regulations should contain special provisions on the acceptance and use of voluntary contributions in cash or in-kind, as well as No. 487, which indicates how such contributions should be reported as part of ITU's financial statements, as well as in a separate document indicating data on each case of origin of funds, their intended use and action taken.

**Article 29** which reflects the outcome of the Council 2023 deliberations as to the creation of an ITU Oversight Unit. The proposed amendments are to be read in conjunction with the proposed Internal Oversight Charter also discussed at this meeting of the Council Working Group on Financial and Human Resources.

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| **Current Financial Regulations and Financial Rules 2018** | **Proposal** | **Comments** |
| **PREAMBLE, paragraph 3, second sentence**However, in matters related to projects financed by organizations of the United Nations system and not covered by these regulations, the relevant provisions of the financial regulations in force in the organization concerned shall be applicable as far as possible. | To delete text | This sentence has been deleted as all funds managed by ITU including project funds should be administered under ITU’s Financial Regulations. |
| **Article 1 - Management and control of the finances of the Union** 4.  The Coordination Committee shall assist and advise the Secretary-General on all general financial questions, or on those concerning more than one Sector.5.  The Contracts Committee shall assist the Secretary-General in the examination of projects for contracts to be concluded by the Union, the amount of which exceeds a limit to be set by the Secretary-General. It shall make recommendations on how to fulfil the proposed requirements bearing in mind economy, quality and the following principles of procurement: 1. fairness, integrity and transparency;
2. effective competition, when appropriate international;
3. best value for money; and
4. best interest of the Union.

Its membership shall be determined by the Secretary-General, in consultation with the Coordination Committee. Its terms of reference and the procedures to be followed for the conclusion of contracts by the Union shall be established by the Secretary-General, in consultation with the Coordination Committee. | To move text to Financial Rules | Moved to Financial Rules |
| **Article 3 - ITU TELECOM secretariat budget** An administrative/core budget for ITU TELECOM secretariat shall be approved by the Secretary-General and submitted to the Council as an appendix to the draft budget of the Union. | **Article 3 - ITU TELECOM secretariat budget** To delete this text | Propose to delete this text, as this event has been discontinued.  |
| **Article 9 - Approval of the biennial budget** 4. In pursuance of the provisions of the Agreement between the United Nations and ITU, the budget of the Union shall also be transmitted to the United Nations in the form approved by the Council. | **Article 9 - Approval of the biennial budget** To delete this text | Propose to delete this text as it is outdated. |
| **Article 10 - Implementation of the budget of the Union: Role of the Secretary-General** 6. The Secretary-General shall report every three months to the Council, in the finance circular, on the status of implementation of the budget, together with the results of ITU TELECOM activities. The report will include a statement of the debts owed to the Union. | **Article 10 - Implementation of the budget of the Union: Role of the Secretary-General** 6. The Secretary-General shall report every three months to the Council, through a web based platform, on the status of implementation of the budget. The report will include a statement of the debts owed to the Union. | To move reporting to a web based platform in line with digitization reform, and to no longer report on the activities of ITU telecom. |
| **Article 11 – Transfers of appropriations**  | **Article 11 – Withholding account and transfers of appropriations**  | Introduction of a withholding account for financial management. |
| **Article 11 –**a) transfer appropriations for a given Sector only from one category of expenses to another within the same section or subsection, provided that no transfers are made from non-staff costs to fund expenses in staff costs (see Article 6 of the present regulations). However, the Budget Control Committee set up by each conference or assembly may authorize transfers of appropriations for all expenses;b) transfer appropriations for a given Sector from only the operating expenses to the capital expenses within sections. | **Article 11 – (propose to introduce new text)**1. A Withholding account is an allocation from the Approved Biennial Budget set aside by the Secretary General’s office of ITU for financial management. This appropriation acts as a safety net or contingency fund, enabling the organization to maintain its financial stability, meet unforeseen expenditures, and / or address budget shortfalls. This account will be established with the approval of the Council of the Biennial Budget at a level of five percent of that budget. It will be subject to regular review and will be released subject to the revenue availability against the biennial budget. Reporting of this reserve will be reflected as per Article 10, paragraph 6. This ensures that during the implementation of the biennial budget effective financial management principles are place.
2. transfer appropriations for a given Sector only from one category of expenses to another within the same section or subsection, provided that no transfers are made from non-staff costs to fund expenses in staff costs (see Article 6 of the present regulations). However, the Budget Control Committee set up by each conference or assembly may authorize transfers of appropriations for all expenses;
3. transfer appropriations for a given Sector from only the operating expenses to the capital expenses within sections.
 | Introduction of a withholding account for financial management. |
| **Article 15 – Liquidity assets of the Union**The Secretary-General shall closely follow the strict observance of the relevant provisions of the Constitution and the Convention, in order to ensure that the liquid assets constantly meet the requirements of the Union and that the debts owed to the Union are reduced and kept to a minimum. | **Article 15 – Custody of Cash and Cash equivalents**The Secretary-General shall designate the bank or banks or financial institutions in which cash and cash equivalents in the custody of the Organization shall be kept.The Secretary-General may designate any investment (or asset) managers and/or custodians that the Organization may wish to appoint for the management of the cash and cash equivalents in its custody. | Update of Article heading and related text on financial management. |
| **Article 16 - Investment of funds** The Secretary General shall choose the banks or other institutions in which the Union’s funds are to be deposited.In this respect, the Secretary General shall ensure, including by establishing appropriate guidelines, that the funds invested in such a way as to place primary emphasis on minimizing the risk to the principle funds while ensuring the liquidity necessary to meet the Union’s cash flow requirements. In addition to these criteria, investments shall be selected on the basis of achieving the highest reasonable rate of return and shall accord with the principles of the United Nations. | **Article 16 - Investment of Cash and Cash equivalents** (propose to delete existing text and replace with the text below)1. Any cash not required for immediate payment may be invested and may be pooled in so far as this benefits the return that may be generated. Primary emphasis will be to minimize risk on the capital funds and ensure the Union’s liquidity is maintained to meet cash flow requirements.
2. Income from investments shall be credited as income to the Special Account (to be established) in accordance with Regulation (on fund accounting), unless otherwise provided in the regulations, rules or resolutions relating to a specific fund or account.
3. Investment policies and guidelines shall be drawn up in accordance with best industry practice, having due regard for the preservation of capital and the return requirements of the Union.
 | Update of Article heading and related text on investment management. |
| **Article 18 - accounts and financial statements** Part 1.1. The accounting system shall include in the most practical form all principal and accessory books, files or statements needed for the systematic recording of all revenue and expenses and for all the other financial operations of the Union.

b) The financial statements shall be presented according to the accounting standards common to the organizations of the United Nations system.  | **Article 18 - accounts and financial statements** Part 1. (propose to delete existing text and replace with the text below)1. The Secretary-General shall establish such accounts as are necessary and shall maintain them in accordance with International Public Sector Accounting Standards.
2. Financial statements shall be prepared annually in accordance with International Public Sector Accounting Standards, together with such other information as may be necessary to indicate the current financial position of the Organization.
3. The financial statements shall be presented in Swiss Francs. The accounting records may, however, be kept in such currency or currencies as the Secretary-General may deem necessary.
4. The financial statements shall be submitted to the External Auditor(s) not later than 31 March following the end of the year to which they relate.
5. The Secretary General may authorize, after full investigation, the writing-off of the loss of any asset, other than arrears of contributions. A statement of such losses written off shall be included with the final accounts.
 | Update of heading and related text to strengthening accountability in line with IPSAS.  |
| **Article 19 - ITU TELECOM exhibitions, forums and similar events organized by the Union**1. Separate accounts shall be kept for each exhibition, forum or similar event. 2. Each account must show revenue and expenses, duly broken down. 1. Each account shall be closed no later than six months after the closure of the event concerned, taking into account accounts payable foreseen under Article 13 of the present regulations.
2. At the closure of each of these accounts, any surplus revenue or excess expenses shall be transferred to an Exhibition Working Capital Fund, the balance of which shall be entered in the statement of the financial position of the Union.

5. A statement of operations relating to each exhibition, forum and similar event shall be included in the financial operating report of the Union submitted to the Council.  | Propose to delete this entire Article | Update of financial regulations to reflect current business operations. |
| **Currently not in the Financial Regulations** | **Article 19 – Funds**1. Funds shall be established to enable the Organization to record income and expenditure. These funds shall cover all sources of income: regular budget, extrabudgetary resources, voluntary funds, Trust Funds, and any other source of income as may be appropriate.
2. Accounts shall be established for amounts received from donors of extrabudgetary contributions and for any Trust Funds so that relevant income and expenditures may be recorded and reported upon.
3. Other accounts shall be established as necessary as reserves or to meet the requirements of the administration of the Organization, including capital expenditure.
4. The Secretary-General may establish revolving funds so that activities may be operated on a self-financing basis. The purpose of such accounts shall be reported to the Council, including details of sources of income and expenditures charged against such funds, and the disposition of any surplus balance at the end of a financial period.
5. The purpose of any account established under Regulations 3 and 4 shall be specified and shall be subject to these Financial Regulations and such Financial Rules as are established by the Secretary-General, prudent financial management, and any specific conditions agreed with the appropriate authority.
 | Introduction of Fund accounting to improve financial management of ITU. |
| **Article 26 Accrued liability for other staff benefits**1. Any other accrued liabilities necessary under IPSAS the accounting standards common to the organizations within the United Nations system shall be presented in the statement of financial position. 2. Benefits granted by the Union to its staff members, whether during or after their period of service, shall be recorded in the accounts in accordance with the accounting standards common to the organizations of the United Nations system.  | **Article 26 Accrued liability for other staff benefits**1. Any other accrued liabilities necessary under IPSAS shall be presented in the statement of financial position.
2. Benefits granted by the Union to its staff members, whether during or after their period of service, shall be recorded in the accounts in accordance with IPSAS.
 | Update text to reflect full IPSAS compliance. |
| **Article 27 - Net Assets including Reserve Account** 1. The Net Assets include:

- the effects of transition to IPSAS; - the Reserve Account; - the Superannuation, benevolent and investment funds; - the ASHI actuarial losses as defined by IPSAS on employee benefits, since ITU elected to recognize the actuarial gains and losses in the period when they occur; - the variation of Net Assets of the extra-budgetary funds and the effect of presenting them in the financial statements presentation currency; - the surplus or deficit for the period according to IPSAS. 1. The Reserve Account shall be made up of:
2. the positive or negative net balance (surplus/deficit) from the financial year on a budgetary basis;
3. transfers from other reserves/funds as decided by the Council.

3. Notwithstanding the provisions of Article 13, § 4 b) of the present regulations, bearing in mind the need to maintain the Reserve Account at a minimum level determined by the Plenipotentiary Conference, withdrawals may be made from the Reserve Account by special decision of the Council, *inter alia,* for: 1. reducing the amount of the contributory unit;
2. balancing the budget of the Union;
3. transfers to other reserves/funds;

d) any amounts to be debited to the Reserve Account as prescribed by the accounting standards common to the organizations of the United Nations system.  | **Article 27 - Net Assets including Reserve Account** (propose to delete existing text and replace with the text below for part 1 below)1. The Net Assets include:

- the Reserve Account; - other reserves and funds;- extrabudgetary funds; - the ASHI actuarial losses as defined by IPSAS on employee benefits, since ITU elected to recognize the actuarial gains and losses in the period when they occur; - the accumulated surplus or deficit for the period according to IPSAS. 1. The Reserve Account shall be made up of:
2. the positive or negative net balance (surplus/deficit) from the financial year on a budgetary basis;
3. transfers from other reserves/funds as decided by the Council.
4. Notwithstanding the provisions of Article 13, § 4 b) of the present regulations, bearing in mind the need to maintain the Reserve Account at a minimum level determined by the Plenipotentiary Conference, withdrawals may be made from the Reserve Account by special decision of the Council, *inter alia,* for:
5. reducing the amount of the contributory unit;
6. balancing the budget of the Union;
7. transfers to other reserves/funds;
8. any amounts to be debited or credited to the Reserve Account as prescribed by IPSAS
 | To update text to reflect the current business practice. |
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| **2. Voluntary contributions and trust funds**:1. a) The Secretary-General may accept voluntary contributions in cash or in kind provided that the conditions attached to such contributions are consistent with the purposes of the Union and in conformity with these Financial Regulations.b) The Secretary-General may also accept trust funds for the execution of specific programmes or projects provided that the conditions attached to such trust funds are consistent with the purposes of the Union and in conformity with these regulations.2. Subject to their acceptance by the Union and, if applicable, the recipient country, contributions in cash or in kind may include funding of conferences, meetings and seminars, as well as expert services, training services, fellowships, equipment or any other related services or requirements.3. Voluntary contributions must not be used in place of the revenue in the budget of the Union as enumerated in Article 7 of these regulations, with the exception of the revenue foreseen to cover wholly or partly the support costs related to the implementation of technical cooperation programmes and projects. 4. Voluntary contributions shall be classified as follows:a) Contributions intended for extrabudgetary activities for the: i) General Secretariat; ii) Radiocommunication Sector; iii) Telecommunication Standardization Sector; iv) Telecommunication Development Sector. b) Contributions intended to supplement any activity already covered by the budget of the Union, by providing a complementary source of funds for enlarging the scope of the activities concerned. 5. Funds entrusted to the Union may be used for the execution of specific programmes or projects and shall be used in accordance with the respective agreements or arrangements.6. Voluntary contributions and trust funds shall be paid in currencies readily usable by the Union or in currencies readily convertible into currencies used by the Union. They shall be shown in the relevant accounts. | **2. Voluntary contributions and trust funds** 1. a) The Secretary-General may accept voluntary contributions in cash or in kind provided that the conditions attached to such contributions are consistent with the purposes and programmes of the Union, and relevant decisions of the conferences and assemblies of the Union as applicable and in conformity with these Financial Regulations.

b) The Secretary-General may also accepttrust funds in cash or in kind for the execution of specific programmes or projects provided that the conditions attached to such trust funds are consistent with the purposes and programmes of the Union, and relevant decisions of the conferences and assemblies of the Union as applicable and in conformity with these regulations.2. Subject to their acceptance by the Union and, if applicable, the recipient country, contributions in cash or in kind may include funding of conferences, meetings and seminars, as well as expert services, training services, fellowships, equipment or any other related services or requirements.3. Voluntary contributions must not be used in place of the revenue in the budget of the Union as enumerated in Article 7 of these regulations, with the exception of the revenue foreseen to cover wholly or partly the support costs related to the implementation of technical cooperation programmes and projects.4. Voluntary contributions shall be classified as follows: a) Contributions intended for extrabudgetary activities are for the: i) General Secretariat;ii) Radiocommunication Sector;iii) Telecommunication Standardization Sector;iv) Telecommunication Development Sector; and / orv) International Telecommunication Union. b) Contributions intended to supplement any activity already covered by the budget of the Union, by providing a complementary source of funds for enlarging the scope of the activities concerned.5. Voluntary contributions and trust funds entrusted to the Union may be used strictly for the execution of specific programmes or projects and shall be used in accordance with ITU’s financial regulations and rules.6. Voluntary contributions and trust funds shall be paid in currencies readily usable by the Union or in currencies readily convertible into currencies used by the Union. They shall be reported in ITU’s functional currency (Swiss Francs) and reflected in the relevant accounts. | To be in line with the ITU Convention.To be in line with the ITU Convention.Specify the funds: Voluntary contributions and trust funds.  |
| **3. Relations between the interested parties**7. Potential providers of funds shall inform the Secretary-General of their intention to do so. The Secretary-General is authorized to seek their assistance in order to be able to respond to requests from potential recipient countries for the execution of programmes or projects.8. The precise terms and conditions governing voluntary contributions or trust funds shall be agreed upon between the interested parties.9. Any such agreement may take the form of a formal agreement, contract or an exchange of letters, and shall be signed by the parties concerned. | **3. Relations between the interested parties**7. Potential providers of funds in-kind contributors shall inform the Secretary-General of their intention to do so. The Secretary-General is authorized to seek their assistance in order to be able to respond to requests from potential recipient countries for the execution of programmes or projects. 8. The precise terms and conditions governing voluntary contributions, whether in cash or in kind, or trust funds shall be agreed upon between the interested parties and be in conformity with ITU’s financial regulations and rules.9. Any such agreement may take the form of a formal agreement, contract or an exchange of letters, including any relevant supporting documents and shall be signed by the parties concerned. | In order to clarify the nature of the contribution For audit purpose |

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| **4. Execution of programmes and projects**10. Programmes and projects as well as supplementary activities (see § 4 b) above) which are to be executed within the framework of the present annex shall be funded entirely by voluntary contributions or trust funds.11. The Union shall not assume any commitments for, or continue the execution of, any programme, project or supplementary activity, unless its full financing has been secured (apart from exceptional and duly documented cases, subject to prior written approval by the Secretary-General) and the funds have been deposited in accordance with the payment schedule laid down in the agreement (see § 9 above). 12. Any agreement as referred to in § 9 above may contain provisions relating to the case of late payment or non-payment of a contribution or trust fund or part thereof. In such a case, the Secretary-General is also authorized to stop immediately any further execution of the programme, project or supplementary activity, with any damages to the Union to be borne by the party in default.13. The decision on implementing any programme, project or supplementary activity under a voluntary contribution or trust funds rests with the Secretary-General, after consultation with the Director of the Bureau of the Sector concerned. The responsibility for the related administration, coordination and execution lies with the Director of the Bureau of the Sector concerned, under the policy guidance and the control of the Secretary-General. 14. When an activity falling within the framework of the present annex requires administrative and operational services to be provided by the Union, the cost of these necessary support services shall, as provided in the agreement, form part of the project expenses. The agreement shall specify that part, if any, of the contribution which the parties agree shall be used to defray support costs. This amount shall be credited to the accounts of the Union in accordance with Article 6, § 1 c) of these regulations. Unless otherwise stipulated by the agreement, the interest on the voluntary contribution accrued in the project accounts shall be credited to ITU as cost-recovery revenue. | **4. Execution of programmes and projects**10. Programmes and projects as well as supplementary activities (see § 4 b) above) which are to be executed within the framework of the present annex shall be funded entirely by voluntary contributions or trust funds.11. The Union shall not assume any commitments for, or continue the execution of, any programme, project or supplementary activity, unless its full financing has been secured (apart from exceptional and duly documented cases, subject to prior written approval by the Secretary-General) and the funds (in cash or in-kind) have been deposited in accordance with the payment schedule and supporting documents laid down in the agreement (see § 9 above).12. Any agreement as referred to in § 9 above shall contain provisions relating to the case of late payment or non-payment of a contribution or trust fund or part thereof, as well as any other default by the funds provider/in kind contributor. In such a case, the Secretary-General is also authorized to stop immediately any further execution of the programme, project or supplementary activity, with any damages to the Union to be borne by the party in default.13. The decision on implementing any programme, project or supplementary activity under a voluntary contribution or trust funds rests with the Secretary-General, after consultation with the Director of the Bureau of the Sector concerned. The responsibility for the related administration, coordination and execution lies with the Director of the Bureau of the Sector concerned, under the policy guidance and the control of the Secretary-General. The responsibility for the related administration, coordination, execution, and control of any programme, project or supplementary activity, performed by the General Secretariat, lies with the Secretary-General. The Secretary General shall ensure that there is no duplication of programmes, projects and supplementary activities between those of the different Bureaux and the General Secretariat.14. When an activity falling within the framework of the present annex requires administrative and operational services to be provided by the Union, the cost of these necessary support services shall, as provided in the agreement, form part of the project expenses. The agreement shall specify that part, if any, of the contribution which the parties agree shall be used to defray support costs. This amount shall be credited to the accounts of the Union in accordance with Article 6, § 1 c) of these regulations. Unless otherwise stipulated by the agreement, the interest on the voluntary contribution accrued in the project accounts shall be credited to ITU as cost recovery revenue. | In order to clarify the nature of the contribution For audit purposeTo avoid duplication between Sectors and General secretariat.Add the responsibility for programme and or project under General Secretariat mandate. |
| **5. Accounts for voluntary contributions and trust funds** 15. A separate account for each voluntary contribution or trust fund shall be opened in a special account of the Union, showing: a) as revenue: cash contributions from all sources, as well as miscellaneous revenue such as interest accrued from contributions advanced or the sale of items purchased under such funding.b) as expenses: project implementation expenses, costs for support services foreseen in the respective agreement as well as any interest charged for payments overdue.16. Any separate accounts may be kept in the currency of the country in which the Union has its seat or in another currency as determined by the Union. In the latter case, payments and receipts shall be converted and recorded at the United Nations rate of exchange applicable at the time of each transaction. 17. Any funds remaining unused when a programme, project or supplementary activity is terminated may be used by decision of the SecretaryGeneral himself for other purposes unless otherwise stipulated in the respective agreement.18. Accounts kept in conformity with the present annex shall be audited in accordance with the relevant provisions in Section V and in Annex 1 of the Financial Regulations.19. If so, stipulated in the respective agreement, the Union shall provide a statement of accounts certified by its External Auditor. | **5. Accounts for voluntary contributions and trust funds**15. A separate account for each voluntary contribution or trust fund shall be opened in a special account of the Union, showing:a) as revenue: cash contributions from all sources, as well as miscellaneous revenue such as interest accrued from contributions advanced or the sale of items purchased under such funding. Appraisal in cash of contributions in kind is carried out in accordance with the ITU in-kind contribution guidelines.b) as expenses: project implementation expenses, costs for support services foreseen in the respective agreement as well as any interest charged for payments overdue.16. Any separate accounts may be kept in the currency of the country in which the Union has its seat or in another currency as determined by the Union. In the latter case, payments and receipts shall be converted and recorded at the United Nations rate of exchange applicable at the time of each transaction.17. Any funds remaining unused when a programme, project or supplementary activity is terminated may be used by decision of the Secretary-General himself for other purposes unless otherwise stipulated in the respective agreement.18. Accounts kept in conformity with the present annex shall be audited in accordance with the relevant provisions in Section V and in Annex 1 of the Financial Regulations.19. If so, stipulated in the respective agreement, the Union shall provide a statement of accounts certified by its External Auditor. | The evaluation of the contribution in-kind |
| **6. Reporting** 20. Each agreement governing a programme, project or supplementary activity shall contain a clause defining project follow-up and appraisal reporting, as well as its source of funding.21. Depending on the nature and size of the project, as well as on the specific requirements of the interested parties, guidelines on project follow-up and appraisal shall be established by the Secretary-General in consultation with the Coordination Committee. | **6. Reporting**20. Each agreement governing a programme, project or supplementary activity shall contain a clause defining project follow-up and appraisal reporting, as well as its source of funding.21. Depending on the nature and size of the project, as well as on the specific requirements of the interested parties, guidelines on project follow up and appraisal shall be established by the Secretary-General in consultation with the Coordination Committee.22 All voluntary contributions and trust funds shall be reported by the Secretary-General to the Council in the financial operating report as well as in a summary indicating for each case the origin (in cash or in kind). | For reporting purpose |

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| Article 29 Internal control and internal audit1. The Secretary-General shall maintain an effective internal control system, in order to ensure: a) the regularity of the receipt, custody and disbursement of all funds and other resources of the Union; b) the conformity of commitments or obligations and expenses with the appropriations or other financial provisions approved by the Council or with the purposes, rules and provisions relating to the funds concerned; c) the timeliness, completeness and accuracy of financial and other administrative data; d) the effective, efficient and economical use of the resources of the Union. 2. The Secretary-General shall maintain an internal audit function that is responsible for reviewing and evaluating the adequacy and effectiveness of the Union's overall systems of internal control. For this purpose, all systems, processes, operations, functions and activities within the Union shall be subject to such review. 3. The Internal Auditor shall report the results of his work to the Secretary-General. 4. The Internal Auditor shall submit to the Secretary-General a succinct annual report on internal audit activities which will be submitted to the Council. After consideration by Council, this report will be published on a publicly accessible page of the Union’s web site. 5. Final internal audit reports shall, upon written request to the Secretary-General, be made available to Member States or their designated representatives. Access to reports will be subject to safeguards and procedures to ensure that safety, confidentiality and due processes are properly maintained. The report may be redacted, or withheld in extraordinary circumstances, at the discretion of the Internal Auditor, when access to an internal audit report would: a) put the safety and security of an individual, working for or with ITU, at increased risk; b) be inappropriate for reasons of individual confidentiality; c) risk violating the due process rights of individuals. The Internal Auditor will provide reasons for this redacting, in writing, to the requesting ITU Member State. | Article 29 Internal control and internal audit1. The Secretary-General shall maintain an effective internal control system, in order to ensure: a) the regularity of the receipt, custody and disbursement of all funds and other resources of the Union; b) the conformity of commitments or obligations and expenses with the appropriations or other financial provisions approved by the Council or with the purposes, rules and provisions relating to the funds concerned; c) the timeliness, completeness and accuracy of financial and other administrative data; d) the effective, efficient and economical use of the resources of the Union. 2. The Secretary-General shall maintain an internal oversight function that is responsible for providing independent and objective audit, investigation and evaluation services designed to add value and improve the Organization’s operations and to enhance the integrity and reputation of the Organization. The internal oversight unit shall assist -in an independent manner- the ITU Secretary-General in the fulfilment of management oversight responsibilities and will be headed by a Chief of Oversight. For this purpose, all systems, processes, operations, functions and activities within the Union shall be subject to such independent internal oversight. The Chief of Oversight shall report the results of the unit’s work to the Secretary-General. 3. The oversight unit’s terms of reference will be laid down in an ITU Internal Oversight Charter and submitted, for initial adoption and whenever reviewed, to Council. 4. The Chief of Oversight shall submit an annual summary report to the Secretary-General with a copy to the External Auditor and the Independent Management Advisory Committee on the unit’s activities. This report shall contain a declaration from the Chief of Oversight confirming independence of the unit and its work, and shall be submitted to the ITU Council together with comments deemed necessary. After consideration by Council, this report will be published on a publicly accessible page of the Union’s web site and in accordance with the Union’s information/document access policy. 5. Final internal audit and evaluation reports shall, upon written request to the Secretary-General, be made available to Member States or their designated representatives. Access to reports will be subject to safeguards and procedures to ensure that safety, confidentiality and due processes are properly maintained. The report may be redacted, or withheld in extraordinary circumstances, at the discretion of the Chief of Oversight, when access to an internal audit or evaluation report would: a) put the safety and security of an individual, working for or with ITU, at increased risk; b) be inappropriate for reasons of individual confidentiality; c) risk violating the due process rights of individuals. The Chief of Oversight will provide reasons for this redacting, in writing, to the requesting ITU Member State. | NOCAs per doc C23/53 and C23/DL/6/R1As per doc C23/53 and C23/DL/6/R1As per doc C23/53 and C23/DL/6/R1 and continued practice of annual report now enlarged to all three oversight functions. |

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