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|  | **Document CWG-FHR-16/22** |
| **27 September 2023** |
| **English only** |
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| Contribution from China (People’s Republic of) | |
| THE PROPOSAL OF AN OVERSIGHT CHARTER | |
| **Purpose**  This contribution is to propose the modifications to Oversight Charter drafted by the Secretariat.  **Action required**  The CWG-FHR is invited to **consider** the proposal on revision of draft Oversight Charter.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **References**  Documents [C23/53](https://www.itu.int/md/S23-CL-C-0053/en), [C23/DL/6R1](https://www.itu.int/md/S23-CL-230711-DL-0006/en), [C23/104R1](https://www.itu.int/md/S23-CL-C-0104/en), [CWG-FHR-16/14](https://www.itu.int/md/S23-CWGFHR16-C-0014/en) | |

1. **Background**

During 2023 session of the Council (C-23), the report “PROPOSAL FOR THE CREATION OF AN OVERSIGHT UNIT” (C23/53) was discussed, and the Council decided to:

* endorse the creation of an oversight unit, with the structure as defined in Document C23/DL/6(Rev.1).
* approve the creation of a Chief of Oversight Unit position at the D.1 level, with the job description defined in Annex 1 to Document C23/53.
* invite the Secretary General to submit a draft oversight charter and ToR of the evaluation function to CWG-FHR for approval by the Council in 2024[[1]](#footnote-1)1.

A draft oversight charter (CWG-FHR-16/14) is submitted to CWG-FHR for consideration.

1. **Discussion**

China noted that the organizational structure of the Oversight Unit defined in C23/DL/6(Rev.1) is comprised of three oversight functions: internal audit, investigations, and evaluation. To our understanding, the function of internal audit and investigation shall be carried out in accordance with the ITU internally applicable related rules and procedures, as well as standards developed and adopted by the United Nations.

Regarding the function of evaluation, considering that ITU has no applicable evaluation policy, guidelines and other related rules and procedures for the time being, after carefully reviewing the Constitution and Convention of ITU, UNEG Norms and Standards for Evaluation (2016), and evaluation policies of other organizations in UN system, China brings the following views for discussion.

1. Since the OU assists the Secretary-General of ITU in the fulfilment of management oversight responsibilities, the scope of evaluation of the OU shall be complied with the management oversight responsibilities of the Secretary-General, focusing on the administrative and financial aspects of the Union’s activities as provided in the Constitution and Convention of ITU.
2. ITU has a federal structure which consists of General Secretariat and three Bureaux, and the Constitution and the Convention stipulate the independent functions of three Bureaux (ITU-D, ITU-T and ITU-R). The evaluation functions carried out by the OU shall maximumly avoid the duplication with the functions and duties of three Bureaux, taking into account that three Bureaux are supposed to conduct evaluations of activities and projects under their responsibility. In addition, it is also a common practice for other organizations in the UN family that the internal oversight office oversees centralized evaluation while bureaux, organs and offices manage decentralized evaluation of activities and projects within their own responsibilities, such as ICAO, UNESCO, UNDP, and WIPO.
3. According to UNEG Norms and Standards for Evaluation (2016), an organization’s governing body and/or its executive head are responsible for ensuring the establishment of a duly independent, competent and adequately resourced evaluation function to serve its governance and management needs. Specifically, evaluation policy and related plan should be presented to the governing bodies and/or the executive head for approval. In addition, the governing bodies and/or the executive head shall be informed of the progress made in evaluation plan implementation, the status of the implementation of the evaluation recommendations, and the need to review or update the evaluation policy. To comply with UNEG, the Chief of the OU should report regularly to the ITU Council on the evaluation plan, progresses, findings and recommendations for the ITU Council to make corresponding decisions. And the OU’s evaluation policy, evaluation plan, as well as additional operational directives and guidelines should be approved by the ITU Council.
4. **Proposals**

As mentioned above, China proposes that:

* the scope of evaluation function of the OU shall be complied with Secretary-General’s management oversight responsibility, focusing on the administrative and financial aspects of the Union’s activities.
* the evaluation functions of the OU shall avoid the duplication with the functions and duties of three Bureaux specified by the Constitution and Convention.
* the Chief of the OU should report regularly to the ITU Council on the evaluation plan, progresses, findings and recommendations. And the OU’s evaluation policy, evaluation plan, as well as additional operational directives and guidelines should be approved by the ITU Council.

Corresponding amendments to ITU Internal Oversight Charter are proposed as detailed in the [annex 1](#Annex1).

Annex 1

ITU Internal Oversight Charter

## Mission and purpose

1. The creation of the Oversight Unit (OU) was endorsed by the ITU Council at its 2023 session (by adoption of document C23/104 Rev.1). As a complement to the Financial Regulation 29, and Resolution 162, *Independent management advisory committee* (Bucharest, 2022), the Oversight charter sets forth the purpose, scope, definitions, independence, authority, responsibilities and applicable standards of the three oversight functions: internal audit, investigations and evaluation (3rd Line of the Three Lines model[[2]](#footnote-2)1).
2. The mission of the OU is to provide independent and objective audit, investigation and evaluation services designed to add value and improve the Organization’s operations. The OU assists -in an independent manner- the ITU Secretary-General in the fulfilment of management oversight responsibilities. The OU will be headed by a Chief of Oversight.

## Scope of Work

1. The scope of internal audit encompasses the review of documents and structures/charts, the analysis of conducted activities, an assessment of the related processes and procedures, and the evaluation of compliance.
2. The scope of investigation includes the allegations of fraud, corruption and other proscribed practices that should be reported in accordance with the provisions of the ITU Policy Against Fraudulent and Other Proscribed Practices.
3. The scope of evaluation conducted by the OU focuses on the relevance, efficiency, effectiveness on the financial and administrative aspects of the Union ’s activities in relation to its objectives.
4. The OU is the sole entity entitled to perform 3rd Line internal oversight. Only personnel assigned by the Secretary-General to the OU will be referred to as internal oversight officers.

## Definitions and standards

1. In accordance with the definition adopted by the Institute of Internal Auditors (IIA), internal auditing is an independent, objective assurance and advisory activity designed to add value and improve an organization’s operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The ITU internal audit function shall be carried out in adherence to the mandatory elements of the IIA’s International Professional Practices Framework[[3]](#footnote-3)2 (IPPF) and adopted by the Representatives of Internal Audit Services of the United Nations Organizations, Multilateral Financial Institutions and Associated Intergovernmental Organizations (RIAS).
2. An investigation is a formal fact-finding inquiry to examine allegations of, or information concerning, misconduct or other wrongdoing involving ITU personnel in order to determine (i) whether they have occurred and if so, (ii) the person or persons responsible. Investigations may also examine alleged wrongdoing by other persons, parties or entities, deemed to be detrimental to ITU. Investigations in ITU shall be carried out in accordance with the Uniform Principles and Guidelines for Investigations adopted by the Conference of International Investigators as well as with the ITU internally applicable investigation related rules and procedures.
3. An evaluation is a systematic, objective and impartial assessment. The aim is to determine the relevance and fulfilment of objectives, its efficiency, effectiveness, impact and sustainability. An evaluation contributes to learning and accountability and provides credible, evidence-based information, enabling the incorporation of findings and recommendations into the decision-making processes of ITU. Evaluations in ITU shall be carried out in accordance with the standards developed and adopted by the United Nations Evaluation Group (UNEG) as well as with the ITU internally applicable evaluation policy, guidelines and other related rules and procedures.
4. **Internal Audit**
5. Whilst serving as an independent, objective assurance and advisory activity designed to add value and improve the operations of the Organization, Internal Audit will adopt a risk-based planning approach to provide reasonable assurance that:

* Risks are appropriately identified, managed and adequately tracked in the ITU risk management framework;
* Best practices of COSO[[4]](#footnote-4)3 components (control environment, risk assessment, control activities, information and communication, and monitoring) are implemented and complied with;
* Significant financial, managerial, programmatic and operating information is accurate, reliable, and timely;
* Activities and transactions, financial and non-financial, comply with the governing purpose, regulations, rules, or other relevant financial or administrative directives of ITU;
* Resources are acquired economically, used efficiently and effectively, and adequately safeguarded; and
* Measures and procedures for waste and fraud awareness & prevention are adequate.

1. The OU shall conduct its internal audits based on a flexible annual audit plan, developed using risk-based methodology, including risks or control concerns identified by management. The general scope of this plan shall be determined by the Chief of Oversight, in consultation with the Secretary-General, the Deputy Secretary-General and the Directors of the Bureaux. Prior to the commencing of the year, the internal audit plan shall be submitted to the Independent Management Advisory Committee (IMAC) for review and to the Secretary-General for final approval.
2. **Investigations**
3. In the course of its formal fact-finding to examine allegations of, or information concerning, misconduct or other wrongdoing involving ITU personnel, the investigation function is concerned with:

* Maintaining an effective system for the in-take, recording and management of all cases;
* Conducting preliminary assessments of received case reports in order to determine if there are credible allegations of misconduct;
* Conducting investigations into allegations of misconduct by ITU personnel including fraud, theft and embezzlement, corruption, sexual harassment, sexual exploitation and abuse, discrimination, workplace harassment and abuse of authority, retaliation against whistle-blowers, abuse of privileges and immunities, and any other conduct not in conformity with the ITU Code of Conduct and the Standards of Conduct of the International Civil Service;
* Investigating allegations of fraud and other sanctionable action involving ITU implementing partners, vendors and other third parties;
* Upon direction from the Secretary-General, undertaking proactive integrity reviews in high-risk areas that are susceptible to fraud corruption and other wrongdoings.

1. The investigation function contributes to the prevention, detection and deterrence of wrongdoing, including fraud, waste, sexual misconduct and all forms of abuse. The investigation is administrative in nature and not a criminal investigation. It does not make a determination about whether the established facts legally amount to misconduct.
2. The OU shall provide limited need-to-know information on started investigations and report the results of its investigation work to the Secretary-General. The OU shall also report to the Secretary-General and/or other Elected Officials on weaknesses in controls and processes, deficiencies in regulatory frameworks or other opportunities for improvement identified in the course of its investigations. The OU will make recommendations to the relevant managers for addressing those weaknesses.
3. **Evaluation function**
4. The work of the Evaluation function of the OU involves:

* Designing, preparing and carrying out evaluations on cross-cutting themes;
* Making recommendations on preventive or corrective measures derived from the OU’s evaluation findings;
* Following up the implementation of evaluation recommendations that were made by the OU;
* Development and review of normative evaluation methodologies that improve the quality and pertinence of the evaluation function within ITU;
* Providing guidance, technical support and training to staff members involved in monitoring and evaluation activities throughout the Organization;
* Promoting of a culture of evidence-based decision-making, and as a result, strengthened monitoring and evaluation systems and practices; and
* report regularly to the ITU Council on the evaluation plan, progresses, findings and recommendations for the ITU Council to make corresponding decisions

1. The primary purposes of evaluation are to improve performance, and ensure accountability and transparency.
2. The OU shall conduct its evaluations based on a two-year evaluation plan, developed using selection criteria as per the ITU internally applicable evaluation policy, guidelines and other related rules and procedures. The two-year plan shall be developed by the Chief of Oversight, in consultation with the Secretary-General, the Deputy Secretary-General, the Directors of the Bureaux and the Chiefs of the General Secretariat Departments. Prior to the commencing of the two-year period, the evaluation plan shall be submitted to the Secretary-General and IMAC for review and to the ITU Council for final approval.

**d. Other Services**

1. The Chief of Oversight, or his/her designee, may assist in negotiations concerning draft agreements involving ITU and provide input regarding ITU’s obligations related to internal audit, investigations and evaluations in related forums reflecting the Organization’s interests.
2. The OU may provide advisory services to ITU management to the extent that OU’s independence and objectivity are not compromised. Such provision is based on OU’s knowledge of governance, risk management and controls, and of OU activities. The OU may participate in reviewing draft policies, guidance, systems and work processes, but shall not participate in the decision-making process.
3. The OU may provide assurance services where it had previously performed advisory services, provided the nature of the advisory service did not impair objectivity and provided that individual objectivity is managed when assigning resources to the engagement.
4. The OU shall undertake advisory services in conformance with relevant professional standards.

## Independence

1. The Chief of Oversight has direct access to the Chairperson of Council and the Chairperson of IMAC, and will make a declaration in the OU’s annual report to confirm OU’s independence and that there have been no barriers to the performance of the OU’s work. The Chief of Oversight will also confirm compliance with the respective oversight internationally accepted and applicable oversight standards and has unrestricted reporting access to the Council and the IMAC.
2. The Chief of Oversight reports administratively to the Secretary-General and is accountable to the Secretary-General for the management of the Oversight Unit.
3. The Oversight Unit enjoys functional and operational independence in performing its duties. Accordingly, the Chief of Oversight has the authority to initiate, carry out, and report on any action which the Chief of Oversight considers necessary to fulfil the Unit’s mandate. To provide for the independence of the Unit, its staff reports to the Chief of Oversight.
4. The OU shall be provided with the necessary resources, including appropriately trained and experienced professionals, to fulfill its responsibilities under this Charter and maintain its independence. The resources allocated to the OU shall be approved by the Secretary-General based on the request submitted by the Chief of Oversight in accordance with the strategy and annual work plan of the OU, and in consultation with the IMAC, as necessary. The Chief of Oversight has managerial responsibility and control over the human and financial resources of the Unit, while abiding by the ITU regulations and rules.
5. In the exercise of the OU’s duties, the Chief of Oversight takes advice from IMAC, which shall provide input into the annual performance exercise. The Chief of Oversight is appointed on a 5-year fixed-term contract with no possibility of extension. Post-employment restrictions will apply.
6. The Chief and staff of the OU shall abide by the ITU applicable Code of Ethics/Conduct and shall at all times maintain and safeguard their independence, objectivity and professionalism in fulfilling their responsibilities. The Chief and staff of the OU shall avoid situations of conflict of interest, or which may otherwise impair their judgment, in relation to the responsibilities assigned to them. OU staff members shall annually file a statement of their objectivity and independence. The Chief of Oversight and OU staff must declare to the Secretary-General or the Ethics Officer any conflict of interests or impairment that may affect their participation in oversight activities and accordingly discharge themselves from such participation.
7. In order to preserve independence so that they can carry out audit work objectively and render impartial judgments, the staff of the OU shall have no managerial authority over, or responsibility for, any of the activities they audit, investigate or evaluate, and shall not perform any other operational functions for ITU.
8. Allegations of misconduct against the Chief or staff of the OU shall not be investigated by the OU. Any such allegations requiring an investigation shall be referred to the Secretary-General, who may seek advice from the IMAC.
9. Allegations of misconduct against the Secretary-General shall not be investigated by the OU. Such allegations should be reported to the Chief of Oversight who will refer the matter to the Chairperson of the Council who will decide on the process, in consultation with the Chairperson of the IMAC. OU will develop the appropriate detailed referral procedures.

## Authority

1. In carrying out its activities and responsibilities, and with strict accountability for confidentiality and safeguarding records and information, the OU may access to records, property, personnel, operations and functions within the Organization which in the OU’s opinion are relevant to the subject matter under review.
2. ITU Staff and personnel at all levels are required, within the applicable due process framework, to cooperate fully with the OU and to promptly make available any relevant material or information (stored electronically or otherwise) requested by OU staff during the course of authorized audits, investigations and evaluations. Staff and personnel are not required to inform, or seek approval from, their supervisors before extending their cooperation to OU. The Secretary-General will guarantee the right of all staff to communicate any information confidentially and without fear of reprisal.
3. The OU shall also be allowed access by vendors, implementing partners, and/or other contracted third parties, to the records, property, personnel, documents and information pertaining to their contractual relationship with ITU, which the OU considers to be pertinent to its work, subject to appropriate terms and conditions being included in their contractual agreements with ITU.
4. The OU shall respect the confidential nature of information and shall use such information with discretion and only insofar as it is relevant to conclude on its oversight work.

## Responsibility

1. The Unit, under the authority of Chief of Oversight, is responsible for:

* Developing the respective oversight plans (annual or two-yearly) using a risk-based or other adequate methodology, including risks or control concerns identified by management, and submitting the plan to the relevant officials and/or IMAC for review and to the ITU Council for approval.
* Performing audits, investigations, evaluations and other oversight work with due professional care and in accordance with accepted professional auditing, investigative and evaluation standards.
* Reporting results of its work and making recommendations to the Secretary-General and/or to other Elected Officials as well as other manager(s) responsible for action:

Audit reports shall also be shared with the External Auditor and the IMAC.

In particular, the results of its investigation work shall be reported to the Secretary-General, and/or other Elected Officials whilst recommendations for addressing weaknesses identified in the course of investigations will be made to the relevant managers for action(s) with due regards for confidentiality and on a need to know basis.

The disclosure of reports to parties outside of ITU is regulated by the Organization’s information/document access policy.

* Conducting adequate follow-up on its recommendations to determine whether effective action has been taken by management within a reasonable time. The Chief of Oversight shall periodically report on situations where adequate, timely corrective action has not been implemented.
* Submitting an annual summary report to the Secretary-General with a copy to the IMAC on the OU’s activities, including their orientation, scope and significant findings. The report shall be submitted to the ITU Council together with comments deemed necessary.
* Coordinating oversight activities by cooperating with the ITU Officials responsible for risk management, the Ethics Office and any other “Second Line” function, as appropriate, with a view of ensuring effective oversight coverage and to minimize duplication of efforts, with due regard for each party's responsibilities.
* Maintaining and strengthening OU’ technical competence and professional standing through the selection and maintenance of a cadre of staff members with adequate skills, experience and qualifications, the provision of adequate professional training to its staff and the development of an internal quality assurance programme, including the setting of key performance indicators.
* Conducting independent assessments of OU activities periodically, as required by the generally accepted international standards for the three oversight functions within the OU. The Chief of Oversight will communicate on the results on the quality assurance and improvement programmes to the Secretary-General and to the IMAC.
* Cooperating with the Internal Audit, Investigation and Evaluation functions of other United Nations system organizations or Partner entities, the OU shall initiate and/or participate in joint audits/evaluations of inter-agency activities, and/or investigations as relevant to the Organization’s interest. The Unit will act as a single point of contact to manage interaction with three significant professional networks in the United Nations system: (1) the Representatives of Internal Audit Services of the United Nations system organizations (UN-RIAS); (2) the United Nations Representatives of Investigative Services (UN-RIS); and (3) the United Nations Evaluation Group (UNEVAL). This arrangement is expected to foster the advancement and exchange of oversight-related practices and experiences.

1. The OU shall be responsible for informing promptly the Secretary-General of any reputational and financial risk affecting ITU or foreseen in the context of investigative activities. As per Article 28, paragraph 9 of the ITU Financial Regulations, the Secretary-General informs the External Auditor of cases of fraud or suspected fraud. The Chief of Oversight will also inform IMAC, in writing, as soon as the OU has established credible allegations which may involve a potential financial exposure for ITU. The Chief of Oversight shall make herself/himself available to provide additional information to the IMAC on a confidential basis.

## Standards for audits, investigations and evaluations

1. The OU shall conduct its internal audits in accordance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics established by the Institute of Internal Auditors (IIA), and relevant practices promulgated by the United Nations Representatives of Internal Audit Services (UNRIAS).
2. The OU shall conduct investigations in accordance with the Uniform Principles and Guidelines for Investigations endorsed by the Conference of International Investigators, relevant ITU rules, policies, and guidelines, and relevant practices promulgated by the Representatives of Investigations Services of the United Nations (UNRIS).
3. The OU shall conduct evaluations in accordance with the norms and standards of the United Nations Evaluation Group1 (UNEG) and with relevant applicable ITU rules, policies, and guidelines pertaining to evaluations.

## Revision of the Charter

1. This Charter shall be reviewed every five years or more often, if required. Any revision shall be prepared by the Secretary-General, in consultation with the IMAC, and brought to the ITU Council for approval.
2. The Chief of Oversight may issue additional operational directives, policies and guidelines as necessary to complement this Charter and accomplish the OU’ mission. Any additional operational directives, policies and guidelines shall be reviewed by CWG-FHR and brought to the ITU Council for approval.

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1. 1 Document C23/104R1, pp13.16 [↑](#footnote-ref-1)
2. 1 The Institute of Internal Auditors’ Three Lines Model (three-lines-model-updated-english.pdf - theiia.org) [↑](#footnote-ref-2)
3. 2 Potentially in 2024 formally updated by the IIA to become the *General Internal Audit Standards* (GIAS) [↑](#footnote-ref-3)
4. 3 The Control Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) was introduced in 1992 and has since been accepted worldwide for its comprehensiveness, effectiveness, and universal principles of strong internal controls. [↑](#footnote-ref-4)