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|  | **Document CWG-FHR-19/15** |
| **24 October 2024** |
| **English only** |
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**Chair of the Council Working Group on
Financial and Human Resources**

**Summary report of the nineteenth meeting**

The Council Working Group on Financial and Human Resources is chaired by
Ms. Vernita D. Harris, (United States of America) assisted by six Vice-Chairs as follows:

AFR - Ms Seynabou Cisse Seck (Senegal)

AMS - Mr Ronaldo Moura (Brazil)

ARB - Ms Noha Gaafar (Egypt)

ASP - Mr Daniel Caruso (Australia)

CIS - Mr Erzhan Meiramov (Kazakhstan)

EUR - Mr Szabolcs Szentleleky (Hungary)

**1 Opening remarks and approval of the revised Agenda
(Document** [**CWG-FHR-19/1 (Rev.4**](https://www.itu.int/md/S24-CWGFHR19-C-0001/en)**))**

 **Opening remarks by the Chair**

1.1 The Chair, Ms. Vernita D. Harris (United States of America) welcomed delegates.

1.2 Modification to the agenda was requested to reflect a contribution by the RCC: Comments on the revision of the implementation of the roadmap to improving the ITU website (CWG-FHR-19/11) under Agenda item 11 (CWG-FHR-19/7).

1.3 Expressing no further objections to the agenda, the revised Agenda (CWG-FHR 19/1 (Rev. 4)) was approved.

 **Welcome remarks by the Secretary-General**

1.4 The ITU Secretary-General, Ms Doreen Bogdan-Martin, addressed the Council Working Group on Financial and Human Resources (CWG-FHR) and welcomed the delegates on behalf of all the Elected Officials. The Secretary-General highlighted the organization’s recent work on topics related to the CWG-FHR, achievements and ongoing initiatives. She highlighted key issues such as financial management, budgetary and human resources issues, the transformation initiative, and the New Varembé building project, as well as key appointments, including the new Chiefs for the Transformation Team and the Oversight Unit. She also underscored the importance of improving internal governance, accountability, and efficiency, as well as efforts related to staff wellbeing and fostering a positive working environment in the organization. The Secretary-General concluded by thanking the Chair and wishing the delegates a productive meeting.

**2 Statement by the Staff Council**

2.1 The statement which is to be found in Document [CWG-FHR-19/INF-3](https://www.itu.int/md/S24-CWGFHR19-INF-0003/en) was made by the Chair of the Staff Council, Mr. Onder Cetinkaya.

**3 Strengthening the regional presence (Documents** [**CWG-FHR-19/2**](https://www.itu.int/md/S24-CWGFHR19-C-0002/en) **(Rev.1)
and** [**CWG-FHR-19/DT/1**](https://www.itu.int/md/S24-CWGFHR19-241007-TD-0001/en)**) and Multi-country contribution: Completion of review of the regional presence (Document** [**CWG-FHR-19/14**](https://www.itu.int/md/S24-CWGFHR19-C-0014/en)**)**

3.1 The Deputy to the Director of BDT introduced Document CWG-FHR 19/2 (Rev.1) which informed the Council Working Group on the actions undertaken by BDT to strengthen ITU’s regional presence.

3.2 The delegate from Germany presented Document CWG-FHR 19/14, the multi-country contribution from the European region requesting the ITU Secretary-General to conduct a review of ITU’s regional presence and present at the next meeting of the CWG-FHR a detailed roadmap, including specific actions and a timeline for the review.

3.3 Several delegates expressing support for the multi-country contribution, echoed the need for a review including information on the work of the three sectors in the regions, a report on the regional offices expenditures, the measures undertaken so far to improve systems and administrative processes. One delegate requested that such report address the needs of SIDS.

3.4 The Director of BDT responding to the comments from the floor, invited the meeting to note Document CWG-FHR 19/2 and the related regional presence dashboard which report the actions undertaken including the recent re-alignment by BDT comprising, among other, the creation of three P5 posts to support the effective and efficient implementation of projects through formulation, implementation and evaluation phases. The Director of BDT also drew attention to the fact that PwCs recommendations as well as the internal, external and IMAC recommendations were almost fully implemented.

3.5 As a way forward, the Chair proposed that the CWG-FHR establishes an online correspondence Group to develop Terms of Reference for the secretariat to complete the review of regional presence under Resolution 25 (Rev. Bucharest, 2022) based on the contributions received from Members States and Sector Members, taking into account the Council Decisions of 2023 and 2024 (see [Annex A](#Annex_A) to this document).

3.6. So, it was agreed. No Chair for the online corresponded group was appointed by the meeting.

**4 Possible mechanism to aid in the assessment of the financial implications of conference proposals (Document** [**CWG-FHR-19/3**](https://www.itu.int/md/S24-CWGFHR19-C-0003/en)**) and Multi-country contribution: Assessment of the financial implications of conference proposals
(Document** [**CWG-FHR-19/13**](https://www.itu.int/md/S24-CWGFHR19-C-0013/en)**)**

4.1 Council Document C24/92 highlighted the importance to better identify the possible financial implications of the decisions of conferences and called for a template to be developed to help estimating the latter. Council at its 2024 ordinary session asked the CWG-FHR to further study this issue.

4.2 It is in this framework that the secretariat developed document CWG-FHR-19/3 that includes a non-exhaustive template for assisting in estimating post-conferences financial consequences. It was underlined that this matter is very complex and that a template could not encompass all aspects of financial estimates due to the variety of possible financial consequences. The secretariat indicated that this work was already undertaken by the Budget Control Committee during the main ITU conferences.

4.3 The multi-country contribution CWG-FHR-19/13 emphasis the need to have in-depth discussions at the CWG level to address not only the issue of financial implications but also the issue of budget availability to implement the related conference decisions.

4.4 Following intense discussion, it was decided that this issue would be further discussed at the forthcoming CWG-FHR meeting. Delegates were encouraged to submit contributions before the meeting to enrich the discussion.

**5 Modifications to the Financial Regulations and Financial Rules (Article 19, § 4) (Oral presentation)**

5.1 The proposed amendment to Article 19.4 was presented by the secretariat.

5.2 After several interventions by delegates and internal consultations with the latter as well as with management, the secretariat proposed withdrawing the proposed amendment to Article 19.4. The Chair of the CWG-FHR approved this proposal.

**6 Code of conduct for ITU events (Document** [**CWG-FHR-19/4**](https://www.itu.int/md/S24-CWGFHR19-C-0004/en)**)**

6.1 Several delegates supported the draft proposal found in Document [CWG-FHR-19/4](https://www.itu.int/md/S24-CWGFHR19-C-0004/en). However, several interventions by other delegates stated that the draft proposal went beyond the scope of what Council requested from CWG-FHR, which was simply to propose the means to implement at the ITU the UN System Code of Conduct. Several delegates noted that exceeding this scope would present numerous challenges, including issues related to jurisdiction, definitions, resident capability and expertise at the ITU, and costs.

6.2 The Chair of the CWG-FHR noted Administrations at the highest levels already achieved consensus on the UN System Code of Conduct and that the UN System Code of Conduct could serve as a baseline for the ITU’s Code of Conduct. To reach consensus, the CWG-FHR should recommend deviations or additions to the UN System Code of Conduct only if necessary to implement due to unique factors pertaining to the ITU. It was also noted that several other UN organizations have taken this approach and could provide model. If additional elements are added beyond the UN System Code of Conduct, reaching consensus will prove difficult on this important topic, which will delay implementation.

6.3 By the next meeting of the CWG-FHR, the secretariat will submit a proposal implementing the model UN System Code of Conduct for the ITU. Administrations were invited to provide contributions on this effort.

**7 Strengthening risk management and the internal control system (Documents**[**C24/49**](https://www.itu.int/md/S24-CL-C-0049/en) **and** [**CWG-FHR-19/DT/2**](https://www.itu.int/md/S24-CWGFHR19-241007-TD-0002/en))

7.1 This document was introduced at Council 2024, which instructed the CWG-FHR to continue the discussion on these matters. The Report provides information on the update of the Corporate Risk Register, noting that the full implementation of Enterprise Risk Management remains elusive at this stage as a result of the uneven articulation of objectives across ITU as part of our result-based management. The exercise has nonetheless allowed for the assessment of significant risks which are presented in the summary table appended to the report. Since, Council 2024, ITU has continued to monitor these risks to identify material changes in the internal and external environment that may affect their initial assessment. The report also discussed the 2024 Management Coordination Group internal control plan which focuses on the implementation outstanding elements of the ITU Accountability Model and Framework. On that score, the presentation mentioned that, since Council 2024, the ICT Governance Group has held its first sessions and systematic control monitoring activities, focusing on specific control, have been initiated.

**Summary of topics discussed during the Q&A**

*Financial risks*

7.2 One delegation, seconded by other delegations, asked regarding financial risks, noting that at the Council session in June 2024, it was reported that the work on the assessment of these risks was still ongoing. One delegate requested that a document listing those risks be submitted during this present session of CWG-FHR. The Chair later reiterated this request to ensure that this document should be ready for discussion on Wednesday, 9 October 2024. The secretariat mentioned that, pursuant to engagement with FRMD and others, the assessment of those risks have been completed and a summary table of the financial risks with mitigation measures could be prepared as requested. In terms of significant financial risks, the risk related to cost-recovery revenues, which have varied significantly in recent years, feature prominently. Notwithstanding, the requested document will also list other more moderate financial risks.

*Risk severity*

7.3 Several delegations requested information regarding the severity ranking of risks, with one delegate referring to the significant risk related to working methods at major events for staff and delegates. The secretariat explained that the summary of the risks appended to document C24/49 only compiled the most significant risks recorded in the Risk Register at the time, the severity of which was assessed together with the risk owners who have in-depth knowledge of their area of work. Regarding the working methods at events, with the recent implementation of SAP cloud-based registration module, which helps manage access to event premises and our document management system, the severity of that risk has been lower. The probability of a disruption is now significantly lower than it was with the no-longer legacy system components in use until recently, which were prone to failure and more vulnerable to attacks.

*Risk appetite*

7.4 Several delegations enquired regarding ITU’s risk appetite. The secretariat clarified that the risk appetite statement is included in the 2020 ITU Risk Management Policy. Resolution 217 (Bucharest, 2022) requests that ITU update this Risk Management Policy, which will provide the opportunity to also revised the risk appetite statement, notably to address an IMAC recommendation to ensure that our risk appetite is commensurably aligned - i.e., is not overly risk averse when it comes to innovation — to the objectives of the Transformation Project.

*Risk management and internal oversight*

7.5 One delegate referred to Council 2024 discussions on the oversight function and enquired regarding its relation to the risk and internal control management function and activities. The secretariat explained that the 2020 Risk Management Policy refers to the Three Lines Model for the conduct of risk and control activities within ITU. The First Line comprises managers who have day-to-day ownership and management of risks and controls in their business areas; the Second Line regroups various functions, such as risk management, ethics, physical and information security, to provide support to first line managers regarding their risk and control responsibilities; and Third Line functions, such as the Oversight functions, provided independent assurance to governing bodies and senior management regarding the robustness and adequacy of the internal control system, including the work of first line and second line functions.

*Staff well-being*

7.6 One delegate enquired regarding the risk related to staff well-being and the measures intended by the secretariat as discussed at Council 2024, to mitigate this risk. The secretariat reiterated its concern regarding this risk and provided an update on the implementation of these measures, noting that these would be insufficient if not pursued on a continual basis to address this risk.

*Risks related to the new building construction project*

7.7 The Chair addressed the issue raised on the risks linked to the construction project and reminded delegates that this is covered by the Member States Advisory Group.

**Summary table of financial risks (CWG-FHR-19/DT/2)**

7.8 Document CWG-FHR-19/DT/2 provides a summary table of the main financial risks discussed with risk owners as part of our exercise to update the Corporate Risk Register. The financial risks listed related to the significant year-to-year variance of cost-recovery revenue, financial stability and long-term financial liabilities, and financial reporting in general. The secretariat stated that these risks also relate to discussions of CWG-FHR held at the previous day’s session such as the financial implications of conference proposals, cost recovery and membership fees; and also, this morning, the discussions following the intervention of one delegate on investment policy as it related to the financial stability of ITU.

**Summary of topics discussed during the Q&A**

7.9 One delegate thanked the secretariat for the preparation of this document on short notice which provided the requested information regarding the assessment of financial risks. The delegate also expressed the wish that the continual work of secretariat would cover observations by the External Auditor on fraud risks that were included in its interim report, but unfortunately these observations were not reiterated and specified in its subsequent complementary report.

7.10 The secretariat referred to the External Auditor’s report and underscored and further expanded on mitigation measures for the financial risks listed in the summary table, notably in relation to the investment policy and new investment committee, which provided for a non-speculative and risk-averse approach for treasury management; the collection of pledged unit contributions and management of arrears; and cost-recovery, notably as this related to satellite network filling and the difficulties in gathering advance information.

**8 Update on the Union's headquarters premises project
 (Document** [**CWG-FHR-19/10**](https://www.itu.int/md/S24-CWGFHR19-C-0010/en)**)**

8.1 The Deputy Secretary-General expressed gratitude for the group’s efforts over the past year and highlighted the project’s internal collaboration with various stakeholders and strengthened governance with entities like MSAG and Swiss authorities. The Chair then invited the Head of BPFMD to present the update on the HQ premises project. The MSAG Chair also reported verbally on MSAG’s progress, noting that members had no disagreement with the secretariat’s work or proposed timeframes.

8.2 A number of questions from delegations were responded to by the secretariat:

* One delegate requested clarification regarding the Swiss conditions on repurposing the loan, which require technical details from architects. The response clarified that an agreement in principle was made to use the loan for current activities and future designs, with level of definition for the technical documents expected by 2025 and a formal submission to the Swiss authorities in Q1 2026.
* One delegate found the Q&A document useful and suggested highlighting new information for easier updates. The response indicated that a new document was recently posted and updates will continue.
* Another delegate inquired about key lessons learned from the previous process. The response mentioned that these lessons are documented and shared with MSAG to fulfil its advisory role on behalf of Council. An overview of the lessons learnt was shared during the subsequent ITU New Building World Café session.
* Decision 640 was acknowledged by one delegate who expressed gratitude to MSAG, noting the project’s positive direction and the importance of continued implementation. They also sought clarification on the impact of host country conditions and the agreed timelines for submitting details to the Swiss authorities. The response confirmed that the loan usage has been approved in the interim and once a more complete design is available, in 2026, there will be enough information to formally amend the loan agreement with the Swiss authorities.

8.3 An ITU New Building World Café session was also held with delegates during the lunch break to collect aspirations from delegates to feed into the design development process.

**9 Draft Guidelines on the management of fully virtual meetings and physical meetings with remote participation (Documents** [**CWG-FHR-19/5**](https://www.itu.int/md/S24-CWGFHR19-C-0005/en) **(Rev.1) and**[**CWG-FHR-19/DT/3**](https://www.itu.int/md/S24-CWGFHR19-241007-TD-0003/en)**)**

 **Multi-country contribution: Proposed Terms of Reference for the Correspondence Working Group to review the draft guidelines on management of fully virtual meetings and physical meetings with remote participation developed by the General Secretariat (Document** [**CWG-FHR-19/12**](https://www.itu.int/md/S24-CWGFHR19-C-0012/en)**)**

9.1 Following the instruction of Council 2024, the secretariat presented draft guidelines on the management of fully virtual meetings and physical meetings with remote participation ([CWG-FHR-19/5](https://www.itu.int/md/S24-CWGFHR19-C-0005/en) (Rev.1)) for consideration by CWG-FHR within a correspondence working group. The document provided proposed guidelines on each of the areas contained within Annex 1 to Resolution 167 (Rev. Bucharest, 2022) on strengthening and developing ITU capabilities for fully virtual meetings and physical meetings with remote participation, and the electronic means to advance the work of the Union. It was noted that the draft guidelines reflect the current practices of remote participation within the existing scope of Resolution 167 (Rev. Bucharest, 2022) which sets the framework for remote participation; any changes to aspects such as participatory rights in remote meetings or physical meetings with remote participants should be effected through revision of Resolution 167 (Rev. Bucharest, 2022).

9.2 A multi-country contribution was presented setting out proposed terms of reference (ToRs) for the correspondence working group to review the draft guidelines of the secretariat on the management of fully virtual meetings and physical meetings with remote participation ([CWG-FHR-19/12](https://www.itu.int/md/S24-CWGFHR19-C-0012/en)). Delegates welcomed the creation of a correspondence group on this important issue with some modifications to the proposed ToRs. The Chair additionally requested that the modified ToRs clearly state alignment with Resolution 167 (Rev. Bucharest, 2022).

9.3 Following further discussions and modifications from delegates, the revised ToRs ([Annex B](#Annex_B) to this document) were approved. It was agreed that the online correspondence group would be chaired by Ms. Diana Gomez of the Mexican delegation and would report to CWG FHR at its next meeting in February 2025. It was noted that the report of the correspondence group should be submitted by 15 January 2025 to enable Member States to submit their documents twelve (12) calendar days beforehand to allow further contributions from the wider CWG-FHR as appropriate.

**10 Report on the use of consulting firms (Document** [**CWG-FHR-19/INF/1**](https://www.itu.int/md/S24-CWGFHR19-INF-0001/en)**) + Oral presentation**

10.1 This document responds to the recommendation from [CWG-FHR-17/24](https://www.itu.int/md/S24-CWGFHR17-C-0024/en), addressing the request for detailed information on how ITU uses consulting firms, including their financial and/or strategic implications.

10.2 CWG-FHR was advised that ITU makes use of consulting firms in several circumstances often connected to acquisition of services where ITU requires specific expertise, capacity, or where use of external providers is more cost effective than using ITU’s own resources.

10.3 The contracts for acquisition of services are all subject to ITU’s procurement rules and procedures. The use of consulting firms for strategic advice at ITU is not new and is a standard practice across various industries, as well as by governments and the UN system. The report provides a table listing contracts where ITU received strategic advice since 2019, in other words since PP18.  Such firms are hired by ITU to advise management on key strategic issues, providing the secretariat with an external view, based on industry best practice and specialized expertise.

10.4 It is important to underscore that while ITU values the insights provided by these consulting firms, all decision-making authority remains exclusively with ITU management and its governing bodies. Management considers the consulting firm’s advice but is not bound by it, retaining full discretion to accept, modify, or reject any recommendations. In this regard, ITU does not outsource any aspect of its decision-making process to such firms. Such an approach helps ensure that ITU is availing itself of the best possible information to support decisions of management, or where relevant, when ITU management makes recommendations to governing bodies for decision.

10.5 Some delegates requested more information about the contracts listed in the document, including purpose and outcomes. Some delegates expressed concerns with the associated costs and suggested that criteria be established to determine when external consulting firms should be engaged, including when the work is provided on a pro-bono basis. The DSG explained that consulting firms have been used to bring a fresh look at some key areas such as finance and IT, and to increase capacity on a short-term basis while the secretariat works to build skills in new areas as part of the transformation road map. Some delegates asked for regular reporting to be provided to Council on the use of consulting firms.

10.6 The Chair summarized by saying that the secretariat will come back to the next meeting with information to respond to points raised by delegates.

**11 Transformation update (Document** [**CWG-FHR-19/7**](https://www.itu.int/md/S24-CWGFHR19-C-0007/en)**) and Contribution by the Russian Federation: Comments on the revision of the implementation of the roadmap to improving the ITU website (Document** [**CWG-FHR-19/11**](https://www.itu.int/md/S24-CWGFHR19-C-0011/en)**)**

11.1 Following initial opening remarks from the Secretary-General regarding Transformation, the new Chief of Transformation provided an update on the Transformation process to achieve Organisational Excellence as detailed in Document CWG-FHR-19/7. It was explained that a roadmap had been established to document progress on key processes across five high-level focus areas to enhance their efficiency, effectiveness, and responsiveness, contributing to a cohesive and systematic organizational approach.

11.2 The Transformation's current focus was on the key accelerated initiatives by mobilising existing resources and, where necessary, augmenting external expertise.

11.3 The Russian Federation presented their Contribution on Comments on the Revision of the Implementation of the Roadmap to improving the ITU Website as part of Document CWG-FHR-19/11. The Council Working Group on FHR were invited to consider the contribution.  The Russian Federation would like some clarification what is currently being doing on the website in terms of improvements and an update on the financing to avoid further delays.

11.4 Several delegates expressed their support for the transformation process and appreciated the comprehensive update, particularly the development of a dashboard for tracking progress effectively. They noted that the transformation has been gradually underway for two years only, during which considerable progress has already been made.  Some delegates requested more detailed information in future reports regarding the implementation of the roadmap and the status of various activities. Additionally, there were requests to identify financial resources to ensure the viability of the 2027 targets. Some delegates offered support to help alleviate the challenges during this transformation process and welcomes the arrival of the new Chief of Transformation.

11.5 The Chief of Administration and Finance and Chief of Transformation gave final remarks. On website funding, he explained that some 350.000 CHF of Transformation roadmap funding would provide enough funding to get this process started until the next cycle. He explained that the update provided today was intentionally brief and did not provide a comprehensive update on all Transformation activities. On HR resources and flexible arrangements, he explained that this process was well underway and required ongoing consultation with senior officials (as with all service orders). On defining culture and values, the new Chief of Transformation would take this on using the funding identified. He clarified that the Transformation process would not conclude in 2027 - this was too short a timeline for ITU, but the initial roadmap was identified for activities until 2027. Further funding in the 2026-2027 budget cycle would help continue Transformation activities. The Chief of Transformation explained that the dashboard was currently being reviewed before being published, with updates in due course. The Chief planned to address Transformation in two tracks of alignment - one track on accelerated initiatives, and the second on the outcome pillars. Regular updates, with more detailed information on the activities, would be provided at next Council.

**12 Fee exemptions analysis (**[**CWG-FHR-19/9**](https://www.itu.int/md/S24-CWGFHR19-C-0009/en)**)**

12.1 Following a request from the previous CWG FHR meeting, the secretariat presented an analysis of the multi-country contribution CWG-FHR 17/15 on proposed changes to Council Res 925 regarding fee exemptions. Also as requested, the secretariat document included a review of how other UN agencies define reciprocity and provided information on issues encountered in implementation of the 2017 fee exemption guidelines.

12.2 The number of ITU member entities with fee exemption has grown significantly overtime, as has their proportion of ITU’s total membership.

12.3 The secretariat noted some issues in implementation of the criteria revised in 2017, including how to handle entities with mixed membership, NGOs not qualifying for exemption and grandfathering of the of the list of entities exempted before 2017.

12.4 The membership model of ITU is exceptional in the UN system in that non-government entities have the option of formal, paid membership. The most common method among UN specialized agencies to engage NGOs in their work is by granting consultative status on a no fee basis. The concept of reciprocity is not a common requirement. UPU charges fees for participation in their committees, with reduced fees for NGOs. This model could be further explored by ITU.

12.5 The multi-country contribution [CWG-FHR-17/15](https://www.itu.int/md/S24-CWGFHR17-C-0015/en) proposes updating Resolution 925 to incorporate the 2017 exemption criteria revisions. These changes appear to largely reflect current practice, although two points are open to interpretation. These proposed changes may have financial and other implications. Additional clarifications in the text would provide more specific guidance for implementation.

12.6 The issue of grandfathering of entities on the list prior to 2017 is not addressed in the multi-country contribution. If the Council were to adopt the changes proposed to Resolution 925, without explicitly deciding to continue to grandfather the entities approved prior to 2017, about 50 entities would in principle lose their exemption status.

12.7 Commenting on the secretariat document, several delegations noted the importance of ensuring that ITU's remains open and inclusive, engaging various stakeholders, while at the same time protecting revenues. One delegation questioned why ITU gives fee exemption to some entities that have the means to pay fees. The secretariat noted that capacity to pay is not currently a criterion, but this could be changed if Council chose to include it. Some delegations expressed concern with the complexity of the changes proposed in the multi-country contribution, asking what the impact might be if implemented.

12.8 The Chair summarized the discussion by inviting the Russian Federation to work with the secretariat to propose wording that would clarify the points highlighted in the secretariat's document. The Chair further noted that the topic of fee exemptions would be picked up again by the next meeting in the context of a broader review of sector membership fees, as part of the resource mobilization strategy.

**13 Full costs – Processing of space notices (Document** [**CWG-FHR-19/8**](https://www.itu.int/md/S24-CWGFHR19-C-0008/en)**)**

13.1 The secretariat presented this document that set forth details on the full costs of the processing of space notices. It also provides the detailed explanation of the cost allocation methodology used to calculate these full costs. This methodology was approved by Council through Decision 535. The secretariat indicated that Resolution 91
(Rev. Guadalajara, 2010) calls for the implementation of full cost recovery for products and services under cost recovery. It was also indicated that since the schedule of charges was approved (Decision 482 – 2006), the nature of the fillings as well as the cost and resources involved in the processing have significantly changed.

13.2 During the discussion, questions were raised regarding the nature and level of the costs to be recovered, based on the idea that for the original fees, not all full costs components had been included.

13.3 The ongoing shortfall of revenue for SNF was also emphasised and the need to reach a conclusion on the schedule of charges was highlighted.

13.4 It was agreed that the secretariat will work on a more detailed breakdown of the costs pertaining to this output and possibly provide further indications on possible costs per category of filings and possible revised fees.

13.5 Furthermore, it was agreed that the Chair of CWG-FHR would submit a liaison statement to the Council Expert Group on Decision 482 (see [Annex C](#Annex_C) to this document).

**14 Audited financial operating report for the financial year 2023
(Document** [**CWG-FHR-19/INF/2**](https://www.itu.int/md/S24-CWGFHR19-INF-0002/en) **+ Oral presentation)**

14.1 The secretariat presented the 2023 audited financial operating report.

14.2 The CWG-FHR will recall, the **unaudited financial report** was presented in **June 2024 Council**, along with the **External Auditors Audit report**.  However, the audit opinion could not be concluded at that time and required further work, as noted in our discussions during the Council in June 2024.

14.3 As agreed by the Council in June 2024, it was decided that, provided no material items were discovered during the completion of the audit, the report would be approved via correspondence. I am pleased to confirm that no material items were identified, and the audit has now been successfully concluded.

14.4 The auditor has issued an **unqualified opinion** on the 2023 financial statements, concluding that the statements present fairly, in all material respects, the financial position of the International Telecommunication Union as at 31 December 2023. This includes the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows, and the comparison of Budget and Actual amounts, all of which have been prepared in accordance with **International Public Sector Accounting Standards (IPSAS)**.

14.5 While issuing an unqualified opinion, the auditor draws attention to the disclosure in **Note 27** of the financial statements regarding the impact of the **2024 Council Decision** on the valuation of new building costs recorded as assets under construction. As of 31 December 2023, CHF 19.7 million of these costs have been capitalized. Based on management’s analysis, these costs are expected to be impaired in 2024 due to the Council’s approval of an alternative building project. **The audit opinion is not modified** in respect of this matter.

14.6 The auditor confirms that, in all material respects, the **revenue and expenses** have been applied for the purposes intended by the Council and are in compliance with the Financial Regulations of the International Telecommunication Union and IPSAS.

14.7 This **final audit opinion** confirms that the financial statements are in order, and no material issues were found that would affect the overall financial integrity of the organization.  ITU welcomes the proposal that the financial report 2023 will be made available for approval by Council, by Correspondence.

14.8 After the presentation of this financial operating report on the audited accounts, some delegates suggested that the auditors should be present, even if from a remote distance, to be able to answer some of their questions, in particular a long report including the auditor’s opinion. The secretariat contacted the NAO representatives, who confirmed that they would be available remotely the following day to answer questions. The NAO made themselves available for questions on the audit process.

14.9 After further interventions, several delegates requested the auditors present a complete package of the audit work undertaken to the Secretary-General and this package will then be available as part of the approval via correspondence.

**15 Any other business**

15.1 Delegates from Canada and France enquired about allegations into the conduct of the secretariat and the Secretary General. Both delegates noted that such allegations should be referred to Council.

15.2 The Chair of the ITU Council provided an update on the allegations, noted that they were investigated fully and impartially, and found to be unsubstantiated.

ANNEX A

**ONLINE CORRESPONDENCE GROUP**

**COMPLETION OF REVIEW OF REGIONAL PRESENCE**

The Council Working Group on Financial and Human Resources (CWG-FHR) establishes an online Correspondence Group to develop Terms of Reference for the ITU secretariat to complete a review of regional presence under [*Resolution 25*](https://www.itu.int/en/council/Documents/basic-texts-2023/RES-025-E.pdf) *(Rev. Bucharest, 2022) based on contributions received from ITU Member States and Sector Members taking into account the Council Decisions of 2023 and 2024*.

The Correspondence Group will be chaired by Vice Chair of CWG-FHR Ms. Noah Gaafar (Egypt).

ANNEX B

**Draft terms of Reference for the Correspondence Working Group
to review the draft guidelines on management of fully virtual
and physical meetings with remote participation**

The Online Correspondence Group shall consider how to appropriately reflect the following aspects in the draft Guidelines prepared by the General Secretariat, consistent with Resolution 167 (Rev. Bucharest 2022), based on contributions received from ITU Member States and Sector Members:

– The provision of interpretation services, technological neutrality, adequate notification of meetings, and participation in offline discussions, accessibility for persons with disabilities and persons with special needs, proper management of the duration and scheduling of meetings and consideration of time zone differences, and training for both organizers and ITU staff.

– Best practices identified from other United Nations agencies regarding the management of remote participation in meetings, as analyzed by the ITU General Secretariat.

Finally, it is recommended to review and analyze how to incorporate data collection on remote participation trends across the three Sectors for future decision-making and improvements, i.e. last 3 years.

*Composition of the Correspondence Group*

– The Correspondence Group is open to all members of the Council Working Group on financial and human resources (CWG-FHR) of the ITU Council.

– The Correspondence Group will be chaired by a person designated by the members, as well as the collaboration of an official from the ITU General Secretariat.

– The calls for meetings of the Correspondence Group will be made by the chair \_\_\_\_\_\_\_\_\_, and an official from the ITU General Secretariat.

– The Correspondence Group will conduct its work through electronic means.

*Timeline*

– The Group will begin its work following the approval of its mandate by the CWG-FHR and will present to the next session of CWG-FHR in 2025 for the review of the high-level Guidelines for discussion and, if applicable, approval by the members.

ANNEX C



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