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## Report by the Secretary-General

### EXTERNAL AUDITOR'S REPORT ON THE AUDITED ITU'S 2024 FINANCIAL STATEMENTS

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#### Purpose

This document presents the external audit report on the audited ITU's 2024 Financial Statements.

#### Action required by the Council.

The Council is invited to **examine** the External Auditor's Report on the audited ITU's 2024 Financial Statements by the National Audit Office (NAO).

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#### References

[\*Financial Regulations \(2022 Edition\)\*](#): Article 28 and additional terms of reference

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National Audit Office

**Report to Council**

**May 2025**

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**International Telecommunication Union**

# **External Auditor's report on ITU's 2024 financial statements**

The aim of the audit is to provide independent assurance to members; to add value to the ITU's financial management and governance; and to support your objectives through the external audit process.

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The Comptroller and Auditor General is the head of the National Audit Office (NAO), the United Kingdom's Supreme Audit Institution. The Comptroller and Auditor General and the NAO are independent of the United Kingdom Government and ensure the proper and efficient spending of public funds and accountability to the United Kingdom's Parliament. The NAO provides external audit services to international organizations, working independently of its role as the Supreme Audit Institution of the United Kingdom.

# Contents

<b>Summary</b>	<b>4</b>
Background	4
Key observations	4
<b>Part One</b>	<b>8</b>
Financial management	8
<b>Part Two</b>	<b>18</b>
Governance and internal control	18
Statement on Internal Control	26
<b>Part Three</b>	<b>28</b>
Transformation programme	28
New building project	30
ITU's regional presence	32
<b>Part Four</b>	<b>34</b>
Prior recommendations	34
Acknowledgments	36
<b>Appendix One: Prior year recommendations</b>	<b>37</b>
<b>Appendix Two: Open Corte dei conti recommendations</b>	<b>44</b>

# Summary

## Background

1 The International Telecommunication Union (ITU) is the United Nations Specialized Agency for information and communication technologies. It was founded in 1865 to facilitate international connectivity in communications networks, it allocates global radio spectrum and satellite orbits, develops the technical standards that help networks and technologies seamlessly interconnect, and aims to improve access to ICTs to underserved communities worldwide.

## Key observations

### Financial management

2 Our audit of ITU's 2024 financial statements resulted in an unqualified audit opinion. We found no material weaknesses or errors affecting the accuracy, completeness, or validity of the financial statements, which were prepared in accordance with IPSAS and complied with ITU's Financial Regulations. We observed an improvement in the presentation and quality of financial reporting, with fewer disclosure issues than in previous years. Continued refinement in closure and review processes will be essential as ITU prepares to adopt new IPSAS standards. Overall, ITU continues to maintain a broadly stable financial position; however, long-term challenges persist, most notably the significant unfunded employee benefit liabilities, which remain the Union's greatest financial risk.

3 ITU reported an overall IPSAS-based deficit of CHF 27.9 million in 2024, with a material impairment of capitalised project costs of CHF 21.0 million and increased provisions resulting from the withdrawal of new building sponsorship totalling CHF 5.0 million, these contributed significantly to the deficit result. Challenges remain in forecasting and cost recovery, particularly in satellite-related activities. ITU continues to report a negative net asset position of CHF 318.0 million, driven largely by unfunded post-employment benefit liabilities. We stress the importance of improved revenue forecasting, proactive receivables management, and a reassessment of designated reserve funds to support financial sustainability, especially considering the CHF 415.8 million ASHI liability and the more uncertain economic environment.

### Governance and internal control

4 ITU has taken steps to enhance its internal governance and control environment through the adoption of the 2013 COSO Internal Control – Integrated Framework and the establishment of the Accountability Model and Framework, endorsed by the Council in 2022. These initiatives have provided a foundational structure for internal control, clarifying roles and responsibilities across the three lines of defence and

demonstrating a commitment to enhanced oversight and assurance. However, the implementation of these frameworks remains inconsistent across the Union, and in the operation of the regional office networks, and key elements such as delegation of authority and risk ownership require further development to ensure their effectiveness.

**5** Progress has been made at the corporate level with the introduction of revised policies and tools, including a revised Oversight Charter, enhanced performance management systems, and mandatory ethics training. These measures reflect a strengthening of tone at the top. Nonetheless, our review, including fieldwork at the Asia-Pacific Regional Office, highlights a gap between design and operationalisation. In several cases, including the delegation of authority and financial oversight mechanisms, responsibilities remain either undocumented or misaligned with actual authority and control structures. This undermines accountability and the effectiveness of first-line control functions. The Letter of Representation process, while a critical assurance mechanism, similarly lacks alignment with operational realities and is not yet supported by sufficient validation and challenge.

**6** Risk management processes within ITU remain largely compliance-driven and siloed from strategic planning and performance management. Risk registers exist in some areas, and a Business Risk Manager has been appointed, yet there is limited evidence of risk information being used to inform decision-making or control design. At the regional level, there are gaps in both capacity and system integration, and the absence of tailored training and oversight further constrains risk-informed operations. The lack of a systematic fraud risk assessment, despite past issues in the Asia-Pacific office, is a key control gap and should be addressed as a matter of priority.

**7** While policy development continues to evolve, the implementation of control activities remains inconsistent and immature. The Accountability Framework envisages a clear articulation of control responsibilities and consistent monitoring through second line management oversight. Activities are not yet risk focused in a systematic approach. ITU's monitoring mechanisms remain heavily reliant on self-assessment and lack structured, risk-based second and third-line assurance. We support management's commitment to the COSO Framework, but further work is needed to address the issues we have highlighted and to deliver the assurance benefits. Strengthening the maturity and capacity of both the second and third lines - through focused and continuous monitoring, evaluation, and sufficient risk-focused independent audit - will be essential to realise the full intent of the Accountability Framework and to provide reliable assurance to Members.

## **Transformation**

**8** ITU's Transformation Programme, launched in the 2023 Roadmap, provides an important and timely opportunity to modernise the Union's enabling functions and improve performance. Structured around five thematic pillars: Governance; Systems, Processes and Tools; People and Culture; Resource Optimisation; and Members and Partners, the programme has launched key initiatives and foundational projects, supported by tools such as a Transformation Dashboard and an internal ChangeMakers network.

**9** Progress is still at an early stage, with a detailed operational model and full measurement frameworks yet to be fully embedded. Resource constraints persist, with many initiatives relying on integration within existing departmental workplans. While some initial steps have been taken to consider alternative delivery models, we believe it is important for further exploration of options to ensure efficient use of resources and unlock potential transformational gains. A strong focus on cultural change, performance measurement, and prioritisation will be critical to achieving sustainable outcomes. We highlight the importance of continued governance oversight, assurance, and alignment of initiatives with strategic objectives as key elements to mitigate against the risks of these types of change programmes.

### **New building project**

**10** Following the termination of the original project in 2024, the ITU Secretariat has impaired and written-off costs totalling CHF 22.2 million and initiated a rescope Varembe building project in accordance with Council Decision 640. A revised project brief has been developed, and user engagement has commenced, but a detailed business case and defined project benefits have yet to be established. The Secretariat has launched a new prequalification and tendering process, with evaluations underway at the time of reporting. Discussions with the Host Country regarding the repurposing of the loan are ongoing, and sponsorship agreements are being actively managed.

**11** While some improvements have been made to governance, we consider the lessons learned exercise lacked sufficient independence and did not fully address governance and oversight issues which could have identified weaknesses at an earlier stage and reduced the scale of loss. It remains critical that ITU ensures robust, independent assurance arrangements and accurate reporting are in place. These measures will be essential to restore stakeholder confidence and support effective delivery of this major capital programme. We have reiterated observations we raised in previous reports.

### **ITU's Geneva campus strategy**

**12** ITU's Geneva Campus Strategic Plan presents a forward-looking framework for aligning the Union's physical infrastructure with its strategic goals, focusing on principles such as financial viability, sustainability, and flexible, people-centred design. The proposal to consolidate workspace and conference functions reflects evolving working models across the wider public sector and is informed by occupancy studies and preliminary financial analysis. However, the plan does not yet sufficiently address the high structural cost of maintaining a central headquarters in Geneva. In our view, further development of the strategy should include a robust scenario analysis of decentralisation options, assessing the feasibility and cost-effectiveness of relocating non-core functions to lower-cost locations. This would strengthen the evidence base for investment decisions and reinforce the Union's commitment to operational efficiency and long-term financial sustainability.

## **ITU's regional presence**

**13** ITU has initiated a review of its regional presence, guided by the Council Working Group on Financial and Human Resources and mandated by Decision 25 of the Plenipotentiary Conference. The review represents an opportunity to assess the effectiveness of decentralised operations and how they support the Union's strategic goals. The review is guided by a comprehensive term of reference that focus on performance, efficiency, and alignment with the Strategic Plan, the Kigali Action Plan, and broader UN development frameworks. During our audit, we examined the operations of the Asia and the Pacific Regional Office and noted that, while there was a clear commitment to delivering project activity, there were systemic challenges in governance, planning, and accountability.

**14** Currently, regional offices do not individually produce formal workplans that articulate clear objectives, deliverables, and performance metrics. In our view, the absence of these planning tools hinders the ability to monitor performance, report alignment with global priorities, and demonstrate the value of decentralised activities. Issuing interim guidance to establish structured workplans, supported by measurable indicators, would strengthen governance and transparency during the ongoing review and reinforce the strategic contribution of ITU's regional footprint.

## **Previous recommendations**

**15** Since the beginning of our mandate, we have issued 21 recommendations to Council, of which five have been closed, four have been implemented, one has been closed as not implemented, nine remain in progress, and two relating to the new building project remain open and not implemented.

**16** In May 2024, the Secretary-General's directive to conduct a comprehensive review of outstanding recommendations was a welcome step toward strengthening follow-up in this area. However, the review revealed critical gaps, particularly in the tracking and consideration of our predecessor's recommendations from their earlier "special" reports, including those on regional presence and fraud, which were omitted from the compliance dashboard and not actively managed.

**17** At the start of our term, we inherited 121 open recommendations from our predecessors. While some progress has been made a number remain unresolved. In particular, longstanding issues raised in those special reports continue to surface in our own findings. To address these shortcomings, there should be a more structured and systematic process to ensure timely follow-up on open recommendations, and that the Secretariat should engage regularly with IMAC to report on progress and maintain transparency.



# Part One

## Financial management

### **Overall audit results**

**1.1** Our audit of ITU's 2024 financial statements revealed no weaknesses or errors which we considered material to their accuracy, completeness or validity. The audit opinion confirms that these financial statements present fairly, in all material respects, the financial position of ITU and of its financial performance and cash flows for the year then ended. It also confirms their preparation in accordance with International Public Sector Accounting Standards (IPSAS). The audit also confirmed that, in all material respects, the transactions underlying the financial statements have been made in accordance with the Financial Regulations and applied to the purposes intended by the governing bodies.

**1.2** The audit included a general review of ITU's accounting procedures, an assessment of internal controls that impact on our audit opinions; and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. Our audit procedures were designed primarily for the purpose of forming those opinions. The audit did not involve a detailed review of all aspects of the budgetary and financial information systems, and the results should not be regarded as a comprehensive statement on them. Finally, an examination was carried out to ensure that the financial statements accurately reflected the accounting records and were fairly presented.

### **Presentation of financial statements**

**1.3** In line with our collective plans, ITU presented its draft 2024 operating report and financial statements for audit in early March 2025. Overall, the presentation and quality of the financial statements were an improvement on the version presented for audit in previous years. While our initial review continued to identify some presentational and disclosure matters for ITU to consider, these were less significant than those highlighted in previous years. ITU recognises that further refinements to closure and review processes will be made to continue the improvements in financial reporting. We have discussed the key areas for improvement with management and the Independent Management Advisory Committee (IMAC). This will be particularly important as new IPSAS reporting standards will be introduced over the next couple of years which will require further evolution in accounting policies and processes.

## Financial commentary

### Financial performance

**1.4** ITU reported an overall deficit of CHF27.9 million (2023: deficit CHF24.8 million), with total revenues of CHF184.6 million (2023: CHF180.7 million) and expenses of CHF 222.0 million (2023: CHF197.2 million). The increase in expenses of CHF24.8 million was due to the impairment of the capitalised value of assets under construction, which related to the previous costs incurred on the new building project (CHF21.0 million), an increase in provision for doubtful receivables (CHF6.4 million) and a provision made for the repayment of a new building sponsorship agreement. These expenditures were partly offset by a fall in employee expenses (CHF8.2million), due to a fall in After Service Health Insurance (ASHI) net service charges of CHF7.8million in 2024 (2023: CHF11.6 million) and other staff costs (CHF3.4 million).

**1.5** While ITU received CHF9.5 million net finance income, arising primarily from interest on investments (CHF4.6 million) and exchange gains (CHF 5.7 million) arising from changes in market conditions, compared to a net finance cost of CHF 8.3 million in 2023, the overall deficit for 2024 exceeded 2023 by CHF 3.1 million.

### Budget performance

**1.6** The Statement of Comparison of Regular Budget to Actuals shows revenue and expenses against the approved budget, with actual revenue of CHF161.5 million and actual expenditure of CHF155.8 million against the balanced budget of CHF164.9million. While ITU reported an overall surplus of CHF5.7 million against its break-even target, cost recovery revenue was CHF6.1 million below budget (CHF7.0 below budget in 2023). This shortfall was primarily due to the continued decrease in cost recovery revenue for the processing of satellite network filings (SNF) and was partially offset by interest revenue of CHF3.6million against the forecast of CHF1.0million.

**1.7** The 2024 revenue forecast for SNF was CHF14million with actual revenues of CHF7.6million, 45.7 per cent below forecast. The 2025 forecast revenue is also CHF14million and given the recent trend ITU are again likely to report a shortfall in revenue from SNF. ITU report that the difference between the forecast and the actual invoiced amounts arises from a shift between submissions from geostationary satellite networks to non-geostationary satellite systems. Non-geostationary satellite systems are subject to lower fees, giving rise to the shortfall.

**1.8** As we have previously highlighted, it is critical for ITU to retain a focus on accurate forecasting of revenues and adapt its operating model for these activities accordingly. ITU should identify areas where cost-recovery activities do not achieve the recovery of full costs. ITU should use this data to determine whether the activities should be cross subsidised to achieve the aims of the Union, or to inform the decisions on fee levels. We noted in our 2023 report that the Secretary General's latest assessment of costs associated with the processing of satellite-related filings, in Council document C24/16, were CHF19.4million in 2023. This highlighted a significant under-recovery when compared to revenue of CHF10.6million in 2023 and

CHF7.6million in 2024. We note that Council will be considering proposals for changes in the methodology for calculating SNF fees. We continue to stress the importance of understanding the full costs of services provided and using this information to establish appropriate fee levels for all activities.

**1.9** On expenses, overall underspends against budget were achieved in all ITU sectors and these are set out in more detail in Note 24 to the financial statements. Financial position. Our intention is to review ITU's budgetary processes in more detail during our 2025 audit.

### Financial position

**1.10** Overall, because of actuarial losses of CHF32.7million on the valuation of the After Service Health Insurance (ASHI) and taking account of the deficit of revenue over expenses, the net liabilities increased to CHF318.0million (2023: CHF257.4million).

**1.11** Total assets increased by CHF14.2million to CHF322.7million. These assets included cash and investments of CHF210.0million (2023: CHF190.9million) and property, plant and equipment and intangibles assets with a net book value of CHF68.8million (2023: CHF89.0million), reflecting the significant impairment of assets under construction. Receivables from core activities increased to CHF36.5million (2023: CHF22.4million), after impairment of CHF43.3million (2023: CHF35.0million), reflecting management's estimates on what is expected to be irrecoverable from Members and other users of services. This amount represents a significant reduction in the assets available to the Secretariat to implement activities.

**1.12** Total liabilities increased by CHF74.8million to CHF640.7million. Liabilities include assessed contributions received in advance of CHF47.1million (2023: CHF50.5million), third-party (i.e. donor) funds of CHF73.2million (2023: CHF41.5million), borrowings of CHF53.3million (2023: CHF53.0million) and total staff benefit liabilities of CHF441.4million (2023: CHF399.4million). Of this, CHF415.8million relates to the after-service health insurance, as shown in Note 16 to the financial statements.

**1.13** ITU's overall financial health has stayed broadly consistent over the past four years, but it continues to report negative net assets primarily due to the unfunded employee benefit liabilities. Figure 1 provides a trend analysis of some key ratios used to illustrate an organisation's financial health and how they have changed over time. They express the relationship of one item of account against another. For example, there are CHF2.3 of current assets for every CHF1 of current liabilities, demonstrating that ITU can meet its immediate cash-flow requirements.

**1.14** While this appears positive, ITU's cash management policies are to hold cash and investments as current assets, even though they support non-current liabilities, such as donor funds, reserve accounts including employee benefits. A more accurate measure of financial health is the ratio of total assets to total liabilities, and ITU currently has only CHF0.5 of assets to cover every CHF1 of its liabilities, which has

been a relatively steady measure of health across the last four years. This is due to the significant unfunded staff related liabilities that we discuss later in this section.

Figure 1

### Analysis of ITU's key financial health ratios

Ratio	2024	2023	2022	2021
<b>Current ratio</b>				
Current assets:				
Current liabilities	2.3	2.2	2.2	3.2
<b>Total assets:</b>				
<b>Total liabilities</b>				
Assets: Liabilities	0.5	0.5	0.6	0.5
<b>Cash ratio:</b>				
Cash and short-term investments:				
Current liabilities	2.0	1.9	2.0	2.8
<b>Investment ratio:</b>				
Cash and investments: Total assets	0.6	0.6	0.7	0.7

Source: ITU financial operating report

## Cash management

**1.15** In 2024, ITU reduced its use of term deposits and increased cash holdings. As highlighted in management's response to our previous recommendation (2022, final R4), new treasury guidance is being operationalised in 2025. This includes the establishment of a Treasury Committee and related investment policy. This Committee will establish the parameters under which ITU should invest both for the short and long-term investments. We will review the effectiveness of the arrangements as part of next year's audit.

## Debtor management

**1.16** The financial statements (Note 8) show a significant impaired balance of historical assessed contributions from Sector Members. This reflects management's assessment of the likely recoverability of those balances at the reporting date (31 December 2024). The historical cycle demonstrates that many Members will agree payment plans with the Secretariat in the year preceding the PP conference to restore their voting rights. Considering the very high levels of outstanding receivables, management should undertake a detailed review of remaining balances with a view to identifying those that are irrecoverable. This will enable the identification of balances that should be reported to the PP for definitive action. Cleansing the receivables in this way will enable the Secretariat to focus on recovery actions on those more likely to be received.

**ITU should: R1: undertake a detailed review of the historical assessed contributions receivable from Members and identify irrecoverable debts for appropriate action by the PP.**

*ITU management comment: ITU has taken note of this recommendation. It is noted that the Plenipotentiary Conferences (PP), through Resolutions 41 and 152, defines a general framework for dealing with debts. Write-offs cannot be authorized by the Secretariat and / or Council concerning Member State assessed contributions. In the case of Associate, Sector and Academia members the Council can authorize write offs of irrecoverable debts. There is an annual document presented to the Council for approval on the irrecoverable debts (document C25/11). Further analysis will be prepared and recommendations for write-offs will be made on irrecoverable debts.*

## **Project management**

**1.17** As part of our 2024 audit, we examined ITU's work in the Regional Office for Asia and the Pacific to gain a deeper understanding of ITU's field operations and its approach to project and programme management. Our review identified shortfalls in financial oversight of ITU project management. Project managers and sponsors<sup>1</sup> do not have routine access to information on transactions charged to their projects. This was due to a lack of reporting functionality. We also noted that project managers did not readily have visibility of other open transactions on their activities, such as purchase orders, consultancy contracts and travel authorisations.

**1.18** While it was surprising that such reporting was not readily available, ITU responded positively to our observation, and as part of the closure of 2024 they instigated additional control measures. These required project managers on 57 agreements with 2024 expenditures of CHF16.5 million to review all expenditures recorded under their grants, to confirm that transactions aligned with donor agreements. To strengthen financial oversight and ensure accountability in project financial management, reporting and validation mechanisms should now form part of routine monthly closure procedures until a system solution is affected.

**ITU should:**

**R2: ensure that project managers have routine access to transaction-level financial details within the Project Financial Situation dashboard, enabling them to review and validate all charges to their projects in real time.**

**R3: establish a formal requirement for project managers to explicitly confirm the accuracy of financial charges at the end of each reporting period. This should be a mandatory control step in the project financial review process.**

<sup>1</sup> ITU's 2020 project management manual defines the project sponsor as: an individual who is accountable for the success of the project manager and provides support and guidance throughout the entire lifecycle of the project. This individual will be the senior line manager, supervisor of the project manager, head of division (HOD) or chief of department (COD).

**R4: enhance financial reporting processes at year-end to ensure that project financial statements are fully validated before finalisation, reducing the risk of misstatements.**

*ITU management comment: ITU has taken note of these recommendations. Detailed real-time dashboards are at the stage of completion and will be role based, to allow for systematic access to information along with the ability to query the details of the costs associated with their respective grants. Training and future development of reports will be rolled out in Q3 and Q4 of 2025.*

*ITU will ensure that yearly review of all Extrabudgetary grants will be undertaken, and certification of this information will be required before the issuance of the Financial Report. This step will be integrated into the grant financial review process by end-2025.*

## **Employee benefits**

**1.19** In 2024, total employee expenses reported in the financial statements were CHF 142.5 million (2023: CHF 150.7 million), these represent 68.7 per cent (2023: 76.4 per cent) of all expenses during the period, the reduction in the proportion of expenditure is primarily due to the increased "new building" impairment costs in 2024 and not an underlying reduction in employee expense. ITU's Staff Regulations set out the conditions of service and the basic rights, duties, and obligations of ITU staff. This includes the salaries, related allowances and social security benefits, including access to the UN Joint Staff Pension Fund and After-Service Health Insurance.

## **Post-employment benefits**

**1.20** The most significant liabilities which ITU recognises in its financial statements are the employee benefit liabilities. These liabilities comprise the staff member's after-service health insurance, their repatriation entitlements, and their accrued annual leave. The overall liability for these staff benefits increased to CHF441.4 million (2023: CHF399.4 million).

**1.21** The after-service health insurance liabilities totalling CHF415.8 million (2023: CHF 375.3 million) are calculated by an independent actuary based on underlying data and assumptions. They reflect the value of the contractual obligations to staff and retirees, on 31 December 2024, for their underlying claims expected in the future. The year-on-year movement arises from changes in the actuarial assumptions including those relating to medical claims costs.

**1.22** Given the high level of estimation and judgement in the valuation, we treat this as a significant risk to the audit. Alongside, reviewing the controls in place over the valuation including management's validation of the census data used by the actuary, we consider how management determine that the assumptions used are reasonable and appropriate. We test the veracity of the census data and perform procedures to earn the right to rely on management's expert. Our actuarial team evaluate the assumptions and methodology used to ensure they are appropriate, compliant with IPSAS and in line with industry comparators.

**1.23** ITU maintains a separate account for the funds it has allocated for the future financing of after-service health insurance liabilities which in December 2024 totalled CHF 15.0 million (2023: CHF 14.0 million) with the allocation of an additional CHF1.0 million during the year, as agreed by Council (Resolution 1417, paragraph #9). These funds have primarily been generated by transfers from the reserve account. Despite this, there are significant unfunded liabilities of circa CHF400million, which combined with the other assets and liabilities of the Union result in net negative reserves of CHF313.0million.

**1.24** The scale of this significant deficit is a major long-term financial risk to ITU. Nevertheless, such unfunded liabilities are common within the UN system, but it remains important for Members to regularly determine and approve the way in which they wish to plan for funding of these scheme liabilities. This is especially true of those liabilities that arise from extra-budgetary funding. In our view, it remains important to regularly reviewing opportunities to reduce exposure by considering the extent and level of insurance coverage provided.

**1.25** In the Council paper, Document C25/46-E, the Secretary-General provides an update on the status of the liability, how the funding is currently managed together with an update on system-wide developments. ITU intends to partially fund the liability with a 5.35 per cent charge on the base salary for new staff recruited as from 1 January 2026.

**1.26** The unfunded liability remains ITU's most significant financial risk and Members should regularly review the existing arrangements for both the provision of services and to confirm that the funding strategy for the costs and liability remain the most appropriate for the circumstances of the Union. Our review identified several funds held in other reserves with limited activity, such as the ITU Staff Superannuation and Benevolent Funds (CHF6.5 million). Management should consider whether it would be appropriate to obtain authority from Members to redesignate these funds to increase the funding level of ASHI.

**1.27** In our 2022 report, we highlighted that despite pressures on core resources, ITU held several cash backed reserves and fund balances. While some balances may be restricted for specific purposes, we continue to consider that management should undertake a specific review and considered the need to review any conditions to determine whether they remain relevant and appropriate and engage Members accordingly. We therefore continue to **reiterate our earlier recommendation (2022: R.10) that ITU should review its current fund and reserve balances.**

*ITU management comment: ITU has taken note of this recommendation and ITU secretariat will put forward to Council various proposals to increase funding to ASHI liability*

**1.28** The most significant factors that have impacted the valuation of the ASHI liability are the actuarial assumptions, which increased the liability by CHF 32.7 million (Figure 2). These comprise:

- CHF 20.6 million loss on financial assumption changes, reflecting updates to discount rates, inflation and medical trends. Primarily, the loss was driven by the discount rate decreasing from 1.9 per cent to 1.4 per cent which increases the overall liability. ITU uses a cashflow weighted yield curve approach, which reflects the underlying plan's expected cashflows and estimated currency exposures.
- CHF 10.6 million loss on demographic assumption changes. This is primarily due to two new demographic studies performed during 2024 to update its assumptions on medical claims costs and turnover rates for staff. These are explored in more detail below.
- CHF 1.5 million loss on experience changes. These cover adjustments required due to the difference between assumptions made and actual results, primarily relating to the actual medical costs incurred.

Figure 2

## Evolution of the ASHI defined benefit obligation

	2024	2023	2022	2021
Defined benefit obligation 1 January	375,271	344,102	545,636	631,870
Interest cost	7,046	8,489	2,703	1,254
Current service cost	11,095	10,165	19,685	25,171
Contribution paid	-10,325	-7,009	-8,412	-9,160
Actuarial assumption changes	-32,748	-19,524	-215,510	-103,499
Defined benefit obligation 31 December	415,835	375,271	344,102	545,636

Source: ITU financial statements

## Medical claims costs

**1.29** The underlying obligations of ITU are the expected claims which will be made in the future, which staff members, former staff and their dependents have earned from their past service with the organisation. In developing the estimate, ITU's actuary develops expected claims costs per claim at each age which can be seen in Note 16.1.2 to the financial statements.



Figure 3

**Medical claims costs**

<b>Age range</b>	<b>2024 claims cost (CHF)</b>	<b>2023 claims cost (CHF)</b>
50	4,408	3,226
55	5,441	4,038
60	6,620	5,063
65	7,938	6,357
70	9,566	7,995
75	10,926	10,074
80	12,060	12,715
85	14,672	14,736
90	16,919	16,953

Source: ITU's financial statements and ITU's IPSAS 39 ASHI valuation reports

**1.30** Considering the changes to the plan, particularly the transition to UNSMIS and broader global healthcare trends, notably those driven by the Covid-19 pandemic, we recommended in our previous reports (2022 R#7) that ITU should perform a new full medical claims cost study to update the profile and support its future valuations. The earlier assumptions were based on actual claims experience between 2015 and 2017 and adjusted for experience to 2022 and further adjusted with the expected medical inflation up to the end of 2023.

**1.31** During 2024, ITU's actuary performed a new study based on actual ITU claims data for the years 2020 to 2023, segmented by age group. The study also factored in projected increases in medical claims costs to estimate per capita claims costs by age as of the reporting date. This represents an improvement over the previous year's approach, highlighted above where the actuary rolled forward an older study using a general medical cost inflation assumption.

**1.32** In our 2022 report, we also recommended (2022 R#8) that all third-party data used in the valuation of employee benefit liabilities is appropriately validated. Noting the steps taken this year, in our view, management should further strengthen these processes for validation and reconciliation of data. This should include establishing clearer protocols for data verification and reconciliation, setting expectations for timely delivery and validation, and formalizing periodic reviews of underlying data sources.

**We therefore reiterate our 2022 recommendation in this regard** and urge the Secretariat to review how it obtains sufficient and timely assurance over critical third-party data.

## UN Joint Staff Pension Fund

**1.33** ITU is affiliated as a member organisation to the United Nations Joint Staff Pension Fund (UNJSPF) through its employees. However, as the pension scheme cannot accurately determine a reliable estimate of the corresponding risk borne by each participating organisation no actuarial liabilities for the pension scheme appear in ITU's financial statements.

**1.34** The characteristics of the UN pension scheme are outlined in Note 17.3 to the financial statements and this disclosure is consistent across many participating organisations. At the latest actuarial date, 31 December 2023, UNJSPF concluded that there was no requirement for deficiency payments to be made under Article 26 of the Fund's Regulations, as its funding ratio was 111.0% (117.0% in the 2021 valuation). Should this situation change in the future, deficiency payments would be required from ITU and other participating UN system entities. With current funding uncertainties in the UN system and potential significant reductions in the pensionable workforce and their associated contributions, there are heightened future financial risks to the Union that will need to be closely monitored.

## Part Two

### Governance and internal control

#### Introduction

**2.1** As the Statement on Internal Control discloses, the ITU formally adopted the *2013 COSO Internal Control – Integrated Framework* as the foundation for its internal control system. This model is a widely recognised process in the UN system, designed to provide reasonable assurance regarding achieving operations, reporting and compliance objectives.

**2.2** In 2022, the ITU Council endorsed the ITU Accountability Model and Framework, which operationalises COSO's principles by clarifying internal governance structures, role-specific responsibilities, and assurance mechanisms. The assurance mechanisms operate across the three lines (of defence): the first line (control ownership), the second line (oversight and compliance), and the third line (independent audit and evaluation). The Accountability Framework provides the structural foundation through which COSO is to be embedded across ITU.

**2.3** This year we have considered how ITU's internal control system currently aligns with the five components of the COSO framework:

- Control Environment;
- Risk Assessment;
- Control Activities;
- Information and Communication; and
- Monitoring Activities.

**2.4** Our assessment draws upon corporate-level policy developments, as well as operational insights gained from our field visit to the Asia-Pacific Regional Office.

#### Control Environment

**2.5** The Accountability Framework emphasises the need for a strong, values-driven control environment, underpinned by ethical leadership, clear delegation of authority, and alignment of responsibilities. At the corporate level, progress is being made: ITU has introduced mandatory ethics training, enhanced performance management tools, and issued a revised Oversight Charter. Governance bodies including the Council and the Independent Management Advisory Committee (IMAC) have increasingly prioritised internal control and oversight.

**2.6** However, our work has identified situations in which these design improvements have not yet been effectively implemented or consistently embedded. The delegation of authority, the foundation of control responsibility, remains undocumented though work to codify an ITU wide delegation of authority framework is ongoing. This was highlighted in our review of the Asia-Pacific Regional Office where, for example, the Regional Director operated without a formal delegation of authority, relying on job descriptions and informal precedent. This created ambiguity around financial responsibilities and weakened operational accountability contrary to the expectations of the Accountability Framework's first line roles. The absence of clarity of delegation remains a systemic issue which impacts on the effectiveness of accountability across the Union.

**ITU should:**

**R5: Finalise and implement a delegation of authority framework, supported by training and monitoring.**

*ITU management comment: ITU is in the process of putting in place a delegation of authority framework as a priority for completion in 2025.*

**2.7** The management assurance that the Secretary General uses to underpin the conclusions in the Statement on Internal Control are based on the Letter of Representation process. This requires Elected Officials and senior managers to attest to the operation of specific key controls in their areas of responsibility. From our work across ITU, we found that the process should be better aligned with operational realities. Officials certified controls as effective, however in many cases financial tools that would facilitate thorough analysis were not in place. We also noted that budget holders were asked to make assertions where their role in respect of the controls did not include the relevant authority. This would be addressed by aligning the representations with authorities and responsibilities defined by clear delegations. Our analysis identified a lack of empowerment of budget holders in relation to the assigned budgets, with controls remaining in the budget control division of FRMD.

**2.8** In our view, the process needs to mature further, and there is a need for improved training and support on the process and for the introduction of review, challenge and validation of responses provided. There should also be a mechanism to periodically test and confirm the quality and evidence of the assurances provided. Validation of these assurances is a requirement of the COSO Framework. Without adequate guidance and verification, the process as currently operated will not deliver reliable and quality of representations.

**ITU should:**

**R6: Improve the Letter of Representation process, introducing validation procedures which can inform the assessment of control effectiveness.**

*ITU management comment: ITU has taken note of this recommendation and will continue to work to further improving the Letter of Representation process and ensure that validation processes will be in place to assess control effectiveness.*

**2.9** Overall, the tone at the top has improved, however, the control environment needs to be embedded below senior management. Role clarity, delegation, and accountability must be clarified, particularly in decentralised operations. The Secretariat should look to enhance this process to strengthen the control culture, better identify ineffective or absent controls and provide greater confidence to Members in the effective operation of the control environment.

**2.10** Given ITU's responsibilities, the ability to demonstrate an effective control environment around its own information systems is important both operationally and reputationally. As part of the audit, we considered management's overall arrangements for obtaining assurance over its IT environment. In our experience, many organisations seek accreditation to provide assurance to stakeholders on establishing, implementing, maintaining, and continually improving information systems. Such arrangements give confidence in the established arrangements and help to mitigate IT risk. In our discussions with management, we understand that some work has been performed to assess ITU's readiness for accreditation, but no steps have been taken to obtain it. In our view, it is important for ITU to consider formally adopting a framework for its ITU environment and for this to be subject to regular external review.

**2.11** In our discussions with management, we understand that there are several initiatives set out in Information Systems Division (ISD) 2025 work plan to enhance IT governance and security. Management regularly informs the IMAC on developments, but we noted there is no overall reporting on the suite of assurances that ISD rely upon to safeguard the IT environment. We are concerned that with ITU's federal structure ISD does not have full visibility of systems to ensure that vulnerabilities are identified and mitigated. As highlighted in the Statement on Internal Control, there was a cyber-attack initiated on a database held by one of the sectors which had vulnerabilities. ITU report that the breach was promptly contained, and that corrective measures were implemented.

**ITU should:**

**R7: consider the costs and benefits of adopting an appropriate information systems accreditation to demonstrate its commitment to high standards in its information systems management.**

**R8: provide an annual report summarising annual activities to assure the information systems, to give confidence to stakeholders in the effective mitigation risks and threats to the operation of information systems.**

*ITU management comment: ITU has taken note of this recommendations and will provide the suggested annual report, summarising annual assurance activities for the information systems, to give confidence to stakeholders on the effective mitigation of risks and threats to the operation of information systems.*

## **Risk Assessment**

**2.12** The Accountability Framework requires that risks to ITU's objectives be identified and escalated through an integrated system of registers and reviews. Under the COSO model, risk assessment should inform both strategy and day-to-day decisions.

**2.13** At the central level, ITU has established a corporate risk register and designated a Business Risk Manager. Discussions on risk have become a more regular feature of Council and Management Coordination Group and IMAC discussions. Registers also exist for specific domains, including ICT (aligned to COBIT) and the New Headquarters Building.

**2.14** The Union should increase its efforts to develop a systematic, mature, enterprise-wide approach to risk. Risk is not consistently linked to planning, budgeting, or performance management, and is often viewed as a corporate compliance requirement rather than an operational tool. ITU management needs to do more to ensure that the outputs are used for decision making or as a tool to track progress in managing identified risks, or in assessing the effectiveness of their mitigation.

**2.15** ITU needs to incorporate risk registers in the regional office network, and ensure that the staff in these offices have the necessary training and capacity to effectively utilise corporate risk systems. Risk identification occurs only at the specific project level, with these risks being consolidated at Headquarters. However, we noted that this co-ordination did not integrate with corporate reporting, and there were no mechanisms to escalate systemic concerns which were identified across the project portfolio. ITU informed us that mechanisms had been established for "Projects under special oversight": This is an additional level of oversight to the projects facing long-standing challenges in implementation. The COSO and the Accountability Frameworks envisage that risk information flowing across an organisation to inform decision-making and process improvement. Regional risk registers are important to support a process to capture risks in their specific and differing operating environments.

**2.16** In our view, ITU's current risk assessment mechanisms need to be strengthened and need to provide effective forward-looking, integrated oversight to identify and manage cross-cutting and emerging risks. The Union should consider a review of the effectiveness and the value it obtains from current processes to ensure the balance between costs and benefits are appropriate and to ensure that it properly supports management in its decision making and oversight. In our view its current risk processes do not provide systematic assurance and are not utilised to inform decision making or control.

**ITU should:**

**R9: review the effectiveness of the existing risk management arrangements and ensure that these support ITU in identifying and mitigating risks to the Union's objectives systematically.**

*ITU management comment: ITU has taken note of this recommendation and will ensure that its risk management arrangements provide more systematic assurance regarding the attainment of ITU's objectives, including by supporting related decision-making and business processes.*

**2.17** In our 2023 Report (R1), we recommended that ITU should perform a systematic assessment of its exposure to fraud risks. In its response, ITU has tasked the Oversight Unit to incorporate this action in its 2025 work programme. In our view, given ITU's history the Secretariat should give this assessment greater priority. Additionally, it will be important that the assessment and associated actions are fully owned by management and business process owners throughout the Union. It is not the responsibility of the Oversight Unit to own and manage the fraud risk assessment as this could compromise their objectivity. Management should establish a plan to maintain and respond to any identified risks.

**2.18** Finally, considering past issues at the Asia-Pacific office, we expected to find strengthened internal controls and fraud risk awareness. However, there was no targeted outreach or risk assessment specific to the regional context, and regional staff remained unclear on reporting channels and obligations. While ITU's internal training programmes are in place, they are generic and not sufficiently tailored to regional realities, fraud risks or to cascade lessons learned. Training is essential to developing fraud risk awareness throughout the Union and to develop a culture that encourages staff to report valid concerns.

**ITU should:**

**R10: develop and implement tailored fraud and control training for relevant staff on key business process. This should be informed by the outcome of the fraud risk assessment.**

*ITU management comment: ITU has taken note of this recommendation and as a result further tailored training will be provided Organization wide to address fraud and related risks associated with ethics and integrity.*

*In 2024 as part of the Mandatory Training Policy a module was developed on "Ethics & Integrity at ITU". This training provides information on ethics and integrity through online training. It is designed and targeted for ITU staff members to strengthen the ethical culture throughout the Organization. Further tailored training is required to ensure that risks associated with fraud awareness are provided to specific roles going forward.*

## **Control Activities**

**2.19** Control activities are the policies and procedures that help ensure that risk responses are effectively implemented. Under the Accountability Framework, control activities are primarily the responsibility of the first line, supported by the second line through policy guidance and compliance monitoring.

**2.20** At a policy level, ITU has taken steps to strengthen its control environment. Revisions to the Financial Regulations and Rules, the introduction of a Procurement Manual, and the development of improved SOPs for extrabudgetary funds reflect important progress. The creation of a Treasury Committee and a more structured investment policy further reinforce financial governance.

**2.21** However, the gap between policy and execution needs improvement. Control responsibilities particularly for project managers, sponsors, and finance officers should be further articulated in operational terms, and formal training to support these roles is lacking. In our fieldwork, as highlighted earlier in the report, project managers did not have access to transaction-level financial data and they were not required to validate project expenditures.

**2.22** Clear delegations of authority are needed to further ensure the effectiveness of the control environment and clarify accountability. Without clear documentation of control responsibility, and without second line actively to support and feedback on control effectiveness, first-line functions cannot be expected to implement proportionate, risk-informed controls.

**2.23** In summary, while the design of control activities are developing, the pace of implementation needs to be increased. Without better-defined roles, real-time access to data, and stronger monitoring support and analysis, control execution cannot reliably protect the organisation against operational or financial risk. In future years we will look to see how the Secretariat is seeking to improve and enhance business processes, which we see as an important process to enhance efficiency and effectiveness of control.

## **Information and Communication**

**2.24** Effective internal control relies on the timely flow of information to those who need it. It is also the key mechanism for the Secretariat to establish the tone from the top, and to demonstrate the active commitment to supporting staff in the application and enforcement of a control culture. It is also a key mechanism for the organisation to demonstrate the action it takes to ensure enforcement and accountability for compliance. COSO stresses the need for both vertical and horizontal communication ensuring that staff understand their obligations and that senior leaders are aware of control weaknesses. Clear communication is central to demonstrating the commitment to transparency and accountability and enhances the confidence that stakeholders and staff can have in the application and enforcement of processes and rules.

**2.25** ITU has improved its internal communication infrastructure. It uses dashboards, intranet updates, and Town Hall meetings to disseminate policy changes and performance information. The introduction of mandatory learning modules has also raised general awareness of ethical expectations and conduct standards. ITU informed us that this has also been introduced to the onboarding process for new staff.



**2.26** However, the effectiveness of this communication in supporting internal controls should be reviewed. Messages remain high-level and generic, with little differentiation based on staff role or risk exposure. This issue is particularly acute in regional settings. In the Asia-Pacific Office, for example, staff were unclear on reporting procedures for fraud or misconduct, and we identified that, despite historical control issues, staff did not feel they had been provided with adequate support and training. Despite the introduction of mandatory training, the Secretariat should do more to target and tailor training and fraud awareness, particularly in the regional and area offices, and other key fraud risk areas.

**2.27** The Accountability Framework requires that the three lines interact effectively and share information to reinforce internal control. At present, this expectation is not being met in practice.

### **Monitoring Activities**

**2.28** Monitoring activities assess whether internal control systems are functioning over time. Under the Accountability Framework, these responsibilities are distributed across the second and third lines. The second line provides compliance and quality assurance, while the third line, through the Oversight Unit, currently delivers internal audit and investigations.

**2.29** However, monitoring continues to rely heavily on self-assessment mechanisms, most notably the Letters of Representation. These letters need further evidentiary support and should be subject to structured review and challenge. In the Asia-Pacific Office, several assertions made in the letter could not be supported during our audit visit.

**2.30** Furthermore, second-line control monitoring such as compliance reviews and policy adherence checks should be more consistently applied. This limits ITU's ability to detect control weaknesses before they escalate or to systematically improve performance based on evidence. To fulfil the vision of the Accountability Framework, ITU will need to build a risk-based second line that can complement audit functions and ensure that assurance is real-time and continuous, and not solely derived from the cyclical nature of audit and unverified self-reporting. We are aware that the Secretariat is working on this issue including considering the application of GRC tools. Whatever arrangements are determined, we strongly encourage the Secretariat to establish second line arrangements as a key measure to improve the effectiveness of control environment, strengthening the confidence of stakeholders in the Union's control processes.

**ITU should:**

**R11: establish a structured, risk-based second line of control to systematically monitor compliance, providing continuous assurance on the most significant and important internal controls.**

*ITU management comment: ITU's second-line monitoring of control activities were introduced in 2024, and ITU continues to work to enhance and fully embed this*

*monitoring.*

*Further work is required under second line monitoring, however, several activities are in place or under development to strengthen this function. Examples include, periodic compliance checks, grant certification processes and oversight of staff entitlements.*

*The additional recommendation of the NAO on this issue will assist ITU in strengthening the functions to ensure that second line monitoring draw on the expertise of additional second-line functions at ITU (e.g. financial planning and control, information security, ethics, and organizational resilience); (and is targeted on key business processes.*

**2.31** The establishment of the Oversight Unit and adoption of an Oversight Charter in 2023 have been major milestones in strengthening ITU's third line. The internal audit function has become more structured, and reports continue to be shared with IMAC, senior management, and the External Auditor. Overall, the revised oversight arrangements are in their infancy, noting they are not yet fully resourced, and the new arrangements are at an early stage of maturity. It is important that as arrangements mature, they are focused on retaining the provision of high-quality, independent and objective assurance.

**2.32** We note that the Oversight Unit has planned an external quality assessment of the internal audit function, in line with the standards of the Institute of Internal Auditors (IIA). We believe that this review is both important and timely at this juncture, to ensure the new arrangements and the tools and capacity to deliver them can be assured against the professional standards for internal audit. To ensure full value, the assessment should be conducted as a comprehensive external quality review, rather than a self-assessment with independent validation. This will provide an objective appraisal of conformance with IIA standards and opportunities for improvement. It is vital that in a period of change, continued threats to information systems and with significant capital investments being undertaken, that the Unit focuses efforts on the key risks to the Union.

**2.33** We have previously noted the absence of evaluation within ITU as a significant weakness in providing assurance to Members and donors. An evaluation function has been formally established within the Oversight Unit. ITU has informed us that they expect to fill the vacant evaluation position by the end of 2025. The activation and adequate resourcing of this function is essential to support evidence-based decision-making, learning, and accountability in line with UN system expectations. We would encourage the Secretariat to continue to prioritise the full establishment of this capacity to drive greater focus on learning from evaluations and to better support continuous improvement in the effectiveness of operations. We consider the effective functioning of the evaluation function to be a significant tool in providing assurances to Members and donors and to provide management information to enable continuous improvement in its operations.

## **Accountability Framework**

**2.34** ITU has taken meaningful steps to establish the principles of the control system aligned to the 2013 COSO Framework, supported by the Accountability Model and Framework approved by Council in 2022. These actions have clarified the structural foundations of internal control, improved policy coherence, and enhanced top-level governance oversight.

**2.35** The COSO based system of internal control remains at an early stage of operational maturity; control responsibilities are not clearly delegated, risk is not fully integrated into planning or decision-making, financial oversight is inconsistent at project level, and internal communication does not yet support behavioural reinforcement of control expectations. Our findings from our audit work have highlighted how these gaps manifest in practice.

**2.36** Without more clearly defined authority, better access to data, enhanced and focused training, or tailored support; first-line functions will struggle to meet their obligations under the COSO and the Accountability Framework. With a lack of effective second line detective or monitoring controls, management lack the insight on the effectiveness of the control environment and the ability to have information to focus efforts on key controls and to improve their design. As the third line builds capacity and learns from the planned external review, it will be important to have sufficient capacity to deliver a risk-based programme to meet the significant challenges facing the organisation to provide assurance to Members on the effectiveness of the delivery of outputs.

**2.37** Delivering on the Accountability Framework's full intent will require not only structural improvements but also sustained focus on operational embedding, cultural reinforcement, and evidence-based monitoring. These elements are essential if ITU is to demonstrate reliable internal control and fulfil the expectations of Member States and external stakeholders

## **Statement on Internal Control**

**2.38** The Secretary-General's Statement on Internal Control (SIC) for 2024 represents a positive step forward in the formalisation and communication of internal control commitments across the ITU. Structured around the COSO framework, the statement demonstrates a clearer alignment with international standards than in previous years, and it acknowledges key initiatives underway to strengthen oversight, improve financial governance, and embed a culture of accountability.

**2.39** However, in our view, there remain important improvements to be made in the maturity of the underlying control practices across the organisation. The Statement highlights progress, but should more clearly acknowledge outstanding gaps particularly in areas such as delegation of authority, operational risk integration, and the consistent application of financial oversight and monitoring at the regional level. Assertions of control effectiveness are presented without reference to independent verification or recognised limitations in implementation.

**2.40** As a key element of organisational assurance, the Statement on Internal Control should provide a balanced and evidence-based perspective recognising progress but also identifying control weaknesses that remain and the measures being taken to address them. We have identified areas where the Statement could be more self-critical, strengthening the value of the Statement as a tool for senior management accountability and Council oversight.

**2.41** Looking ahead, future SICs should reflect on the observations made in this section of the report and incorporate clearer references to known implementation challenges, draw on second- and third-line assurance sources, and explicitly link risk and control weaknesses to areas of reform. Such transparency will enhance the credibility of the SIC and reinforce confidence among Member States in ITU's internal control system.

## Part Three

### Transformation programme

**3.1** At the June 2023 Council, the Secretary-General committed to a Transformation Programme for ITU. In our 2022 report, we emphasised the need to define a clear target operating model, establish a dedicated unit to coordinate delivery and reporting, and ensure effective, objective, and independent governance arrangements.

**3.2** Since that time, the Secretary-General has formalised the Transformation Programme through the publication of a Roadmap (C24/73-E), which sets out planned activities from mid-2024 to end-2027. The programme focuses on improvements to enabling functions, structured around five thematic pillars: Governance; Systems, Processes and Tools; People and Culture; Resource Optimisation; and Members and Partners.

**3.3** Progress has been made in structuring and initiating transformation activities. A Transformation Dashboard has been introduced to support transparency and performance tracking. Six Accelerated Initiatives have been launched in areas including performance management, AI adoption, leadership development, recruitment, travel, and staff mobility. Work has also begun on several foundational projects, such as the website redesign, Enterprise Resource Planning and Customer Relationship Management upgrades, and financial system reforms. A "ChangeMakers" staff network continues to contribute to internal engagement and case development.

**3.4** At the time of our review, a detailed operational model is still being embedded. The Secretariat identified 89 deliverables in 2023. Current activities represent a mix of operational improvements and enabling projects. The focus has remained on modernising internal processes rather than exploring alternative delivery models. Baseline indicators and KPIs are being developed to measure outcomes, although full measurement frameworks are not yet operational.

**3.5** Dedicated resources to support the programme remain limited. In 2024, CHF 1.3 million was allocated, with most initiatives continuing to rely on integration within departmental workplans. This remains a constraint given the scope of the transformation and the demands of projects involving IT systems and digital change. There remains a need to assess and prioritise initiatives based on achievable outcomes and cost-benefit clarity, particularly in resource-intensive areas such as system development.

**3.6** ITU has informed us that it is exploring opportunities to deliver functions through alternative models such as outsourcing, partnerships, or shared services. In our view, consideration of alternative delivery models is critical, as these changes can deliver real transformational change and offer opportunities to focus in-house resources on the unique and value adding elements of the ITU's operations.

**ITU should:**

**R12: perform an assessment of alternative delivery models to ensure efficient use of resources as a key element of organisational transformation.**

*ITU management comment: ITU notes the comments and recommendation made however the consideration of alternative delivery models is an embedded step within the model adopted for transformation initiatives. In reviewing each process, once the problem analysis has been completed, the solution analysis considers whether existing process fixes or alternative delivery models such as outsourcing or shared services, are suitable for the implementation solution selected, alongside analysis of available resources and feasibility of implementation.*

**3.7** Cultural change remains a key enabler of success. The Secretariat has taken steps to engage staff through training and leadership initiatives and has begun to address areas raised in the staff wellness survey. In our view, the changing the organisational culture can be one of the most challenging elements of any transformation programme. It will require sustained focus on staff communication and engagement metrics.

**3.8** As we previously outlined, the transformation programme presents a significant opportunity for organisational improvement and efficiency. While it is too early in the programme to take a firm view on the state of progress. It remains important for the Union to have clear success criteria to enable effective benefits realisation.

**3.9** It remains critical that management identify the most important elements and enablers of transformation and ensure that they are appropriately resourced. Continued focus on prioritisation, together with objective programme governance and assurance, will be critical to achieving the desired outcomes. We will continue to monitor and report on the programme during our mandate

**ITU should:**

**R13: prioritise the implementation of the most critical transformation initiatives within the available resources. These initiatives should be supported by robust performance measures.**

*ITU management comment: The portfolio management approach adopted for the ITU Transformation Plan, selects initiatives for implementation based on business readiness, resources required, benefits and costs. The project mandates include goals, benefits and measurable KPIs that will be baselined at the outset, and measured during and after the project has been implemented.*

## New building project

### Background

**3.10** Following Council Decision 640 (2024), the ITU Secretariat has begun transitioning from the initial design phase to the initiation of the rescoped new Varembe building project. The contract with the original architect and engineering firm was terminated in November 2024, and all contractual financial obligations were settled. Similarly, fees related to project management services were settled, with a new tender for project management services planned in 2025. ITU reported that the final aborted cost of the initial design phase amounted to CHF 22.2million, against an anticipated CHF 22.7million, with unused funds allocated to the new project contingency reserve. The financial statements (Note 12), includes details of the impairment of the costs initially capitalised for new building. Members may recall that our audit opinion on the 2023 financial statements included an emphasis of matter related to the probable impairment of this asset. We are content that the impairment of these costs has correctly recognised and reflected the IPSAS financial reporting requirements, as they no longer represent value to the Union.

**3.11** For the new project, a refined project brief was developed and shared internally and with users, engaging delegates and staff through focus groups. We remain unclear on the detailed business case and needs assessment, and therefore reiterate our previous recommendation. It remains critical for ITU to establish a clear set of project benefits against which the Members will be able to measure the success and value for money of the project on completion. We have noted that the project has now progressed to a competitive prequalification and tendering process for selecting a new planning and design firm. This was launched in late 2024, with final selection expected in the first quarter of 2025. At the date of drafting this report, tenders were being evaluated by ITU.

**3.12** ITU has informed us that discussions with the Host Country are ongoing, but they have confirmed that ITU can allocate the amounts of the loan to develop the alternative reassessed project for its headquarters premises for 2025. The formal loan repurposing process will begin once ITU submits a detailed technical document. Sponsorship arrangements are also being actively managed, with three sponsors reaffirming support, while one sponsor withdrew from their original agreement for CHF 5 million and this refund has been provided for in the 2024 financial statements (Note 17). Management are continuing their discussions with the donor on any future agreements.

**3.13** The Secretariat continues to collaborate with the Member States Advisory Group (MSAG), supported by an external technical expert provided by one Member State. As highlighted in both our 2022 and 2023 report to Council, we reiterate the importance of clear governance and assurance arrangements to provide Members with confidence on the costs, risk mitigations and overall progress of the project. While noting the arrangements that have been established, we continue to stress the importance of dedicating sufficient resources to provide an appropriate level of expert

and independent assessment for a project of this scale and importance. **We reiterate our 2022 recommendation (interim report R8) that ITU should review the governance and assurance arrangements and regularly seek confirmation that the project is appropriately managed, resourced and executed to ensure the risks of a major capital programme are identified and mitigated.**

**3.14** Alongside the need for adequate project assurance, we also continue to stress the importance of clear, accurate and assured data in respect of the project progress and spend. It is important for ITU to learn lessons from the initial project management and reporting. This will enhance stakeholder confidence and better enable management to ensure appropriate controls and reporting mechanisms are in place. Tight cost management and control are vital given the high level of costs written off from the initial project plans. Management provided us with the lessons learned exercise, and we noted this was undertaken by the construction consultants who worked alongside ITU on the initial phase of the project. In our view, there are risks that this process has been insufficiently independent and objective. It did not provide a holistic review of all the governance lessons, such as assurance, reporting and cost control.

**ITU should:**

**R14: carefully review the completeness and objectivity of the lessons learned exercise to ensure that all elements of the project management, governance and oversight were fully considered and provides a basis for best practice project governance and control.**

*ITU management comment: the main objectives of the lessons learned exercise were to assess the challenges, risks and obstacles encountered in the initial design in respect to procurement and contracting strategies and to identify areas for improvement to avoid repeating mistakes. The outcome of the lessons learnt are considered as input for the new project delivery strategy for the new Varembe building project. As per recommendations from IMAC and auditors, a project governance framework has been developed to streamline decision-making while maintaining accountability. This new governance will be implemented following consultation with MSAG and approval by CoCo. In addition, Project Management Plan will be reviewed based on previous experience and the best practices and will seek guidance from both IMAC and NAO before adoption.*

### **ITU Geneva campus strategic plan**

**3.15** ITU has developed an initial draft "ITU Geneva Campus Strategic Plan" (CWG-FHR-20/8) which was presented to the Council Working Group on Financial and Human Resources in February 2025. The document outlines a long-term vision for aligning the Union's physical infrastructure with its strategic objectives and operational needs, while addressing the financial and functional challenges of its aging campus.



**3.16** The strategic plan is based on a series of guiding principles, including financial viability, environmental sustainability, technological integration, flexible and people-centred workspace design, and the pursuit of collaborative opportunities. The Secretariat has sought data to support its approach, drawing on occupancy studies, staff feedback, benchmarking, and preliminary financial analysis. The proposal to consolidate workspace and conference needs, through more efficient use of existing buildings and flexible working models, reflects the way in which other public sector organisations are looking to make best use of their estate.

**3.17** In our review of the strategy we have noted that it lacks focus on one of the most important structural financial considerations: the high cost of operating and maintaining a headquarters presence in Geneva. While there is a brief reference to the potential impact of decentralisation, regionalisation, and operational efficiencies, no detailed analysis has been undertaken to assess whether certain functions might be delivered more cost-effectively from lower-cost locations, either within the UN system or via hybrid operational models.

**3.18** In further developing the campus strategy, we consider it important to undertake robust scenario analysis of decentralisation options. This includes an examination of the feasibility and cost-benefit of relocating non-core or back-office functions. This could include the identification of candidate locations which might consider existing ITU Offices and to assess any potential impacts on service delivery and coordination. Incorporating these considerations in the next planning phase would demonstrate the ITU's commitment to ensuring its enabling functions are efficient, and that resources are maximised for the effective delivery of core service objectives.

**3.19** While the initial draft of the campus strategic plan is well-structured and forward-looking in some respects, **ITU should:**

**R15: more comprehensively explore its geographic footprint and the associated cost implications. Such analysis should be prioritised in the next phase of the plan's development to enable more informed decision-making and help long-term financial sustainability.**

*ITU management comment: The ITU Geneva campus fits within a larger review of ITU's geographic footprint being developed that seeks to consider this issue in the context of several strategic goals, including rationalisation of ITU's Geneva presence, strengthening ITU's regional presence, ensuring business continuity and sustainability, and expanding the agility of ITU's human resources. This will include considerations for expansion of ITU's presence at existing regional and area office locations, and within the context of ITU's existing legal framework, consideration of possible additional candidate locations for ITU.*

## ITU's regional presence

**3.20** During our 2024 audit, we reviewed the project management and other operations of the ITU Regional Office for Asia and the Pacific. This formed part of our broader consideration of the ITU's regional presence in the context of Decision 25 of

the Plenipotentiary Conference (Rev. Bucharest, 2022), which mandates the strengthening of governance, accountability, and strategic alignment across ITU's decentralised operations. Our findings, while focused on a single regional office, underscore broader systemic issues that are relevant to ITU's ongoing review under Resolution 25.

**3.21** The ITU has launched a comprehensive review of its regional presence under the guidance of the Council Working Group on Financial and Human Resources (CWG-FHR). The Terms of Reference developed by the Correspondence Group and endorsed by the 20th CWG-FHR meeting outline a robust framework to evaluate effectiveness, efficiency, and strategic fit of regional and area offices. This review, due for final reporting in April 2026, appears to be methodologically sound and well-scoped, with emphasis on performance, integration with the Strategic Plan and Kigali Action Plan, and alignment with UN development frameworks.

**3.22** ITU's Terms of Reference highlight the importance of performance metrics and operational alignment. However, there are currently no requirements for formal workplans at the regional office level to guide implementation of the ITU-D Operational Plan or Kigali Action Plan priorities. In our view, a structured annual workplan, with measurable KPI, would enhance accountability, support performance monitoring, and ensure that regional activities systematically demonstrate the contribution to the ITU's global goals.

**3.23** Although the Terms of Reference emphasise governance and accountability, as highlighted earlier in the report there are systemic weaknesses across ITU, including the existing Regional Office arrangements. The ITU's planned review of regional presence provides a critical opportunity to address these long-standing weaknesses. As the organization moves forward with the implementation of the review, **ITU should:**

**R16: issue interim guidance to regional offices requiring the preparation of annual workplans aligned to ITU priorities with appropriate performance measures.**

*ITU management comment: Regional offices represent the whole of the ITU operations and as such Organization wide priorities will be set, through an operational planning process that will baseline costs, include targets and indicators, KPIs and associated risks on all operational workplans in collaboration with all the relevant bureaus. Currently within BDT all operational plans are developed in coordination with Regional and area teams. Multi regional projects are managed by HQ and individual country / regional specific are managed at regional level. The governance structure for projects includes a Steering Committee which reviews the entire project portfolio.*

**3.24** By addressing these priorities in parallel with the broader Resolution 25 review process, ITU can better demonstrate its commitment to accountability, transparency, and delivering on its strategic objectives through a strengthened and resilient regional presence.

## Part Four

### Prior recommendations

**4.1** In May 2024, the Secretary-General tasked ITU process owners and relevant managers to undertake a comprehensive review of outstanding recommendations. It is the responsibility of management to respond and follow-up the recommendations made by the external auditor, and our own reporting will validate the status as a record for Members.

**4.2** Since the beginning of our mandate, we made 21 recommendations in our reports to Council. Five recommendations were closed in last year. Of the remaining sixteen recommendations, ITU has implemented four recommendations, and we have closed a further recommendation on UNSMIS as not implemented (2022 R#9). Nine recommendations are in progress and a further two recommendations on the new building project, we consider not implemented and remain open. Appendix One provides a more detailed review of the status of our prior recommendations.

**4.3** As part of the Secretary-General's exercise, our predecessors' open recommendations were reconsidered by management. At the beginning of our mandate, we inherited some 121 open recommendations which were discussed in our June 2023 report. ITU has previously developed a compliance tracker and dashboard as the central repository for all recommendations by internal and external oversight bodies. The dashboard was implemented to track responses and follow-up on the implementation of recommendations. In May 2025, the Secretariat provided an update on the recommendations it deemed to have implemented in an offline record.

**4.4** We noted that the recommendations in two of our predecessor's "special" reports, namely the "strengthening the regional presence" report (Document C18/125-E: 9 October 2018) and their special report on "Addressing a fraud case at ITU" (Document C19/106-E: 10 June 2019) were not included in the compliance tracker, or the off-line record, and consequently the associated 24 open recommendations at the end of our predecessor's mandate had not been actively considered by the ITU Secretariat and had effectively been lost from view.

**4.5** Following our intervention, an update was provided, and this has been incorporated into Appendix Two. Five recommendations from the report "Addressing a fraud case at ITU", have not been implemented (#4, #5, #6, #7 and #16), but we have superseded three of these with our corresponding recommendations reflecting changes made since our predecessor's report. ITU has made less progress in implementing the 2018 recommendations on "strengthening the regional presence", where eight recommendations remain open and many of the issues identified during

our visit to the Asia Pacific Regional Office are consistent with the themes identified by our predecessors.

**4.6** Regarding our predecessor's "special" report "Regional Office for the Americas" (Document C22/104-E: 6 September 2022), ITU has closed four open recommendations leaving eight recommendations in progress.

**4.7** Our predecessor's report on the 2021 financial statements (Document C22/101-E: 6 September 2022) contained 48 recommendations. In our 2022 report, we noted that the Secretariat had closed nine of these and of the remaining 39 recommendations a further 32 have now been considered implemented, leaving seven recommendations open, or in progress.

**4.8** There were a further 11 open recommendations from our predecessor's earlier reports on financial statements. Of these, eight have been closed, three remain open. Appendix Two provides a more detailed review of the status of our predecessors' recommendations.

**4.9** While the compliance dashboard is a useful tool for management and the IMAC, its utility is significantly weakened due to it not been complete or used as the sole repository of progress against recommendations. Furthermore, we found that was a lack of a systematic process and governance to track progress and review progress on the open recommendations. In our view, ITU has not adequately engaged in the previous observations of external audit.

**ITU should:**

**R17: recommend that the ITU Secretariat establishes a systematic process for follow-up of open recommendations using existing tools.**

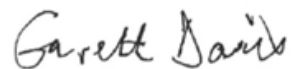
**R18: Furthermore, the Secretariat should engage with the IMAC to regularly report progress.**

*ITU management comment: ITU has taken note of this recommendation. ITU will strengthen the compliance dashboard and ensure a structured and consistent process to monitor the status of all open recommendations. This will leverage the existing tools (ITU Compliance Tracker and Dashboard), to ensure transparency, timeliness, and accountability. Clear responsibilities will be assigned to focal points across departments, and regular updates will be built into our internal reporting cycle.*

*The Secretariat agrees that regular engagement with the Independent Management Advisory Committee (IMAC) is critical to reinforcing oversight. We will introduce a standing item in IMAC meetings to report on the implementation status. This will allow for constructive dialogue, strengthen risk management, and support continuous improvement across the organization.*

## Acknowledgments

**4.10** We would like to thank the Secretary-General and her staff for their continuing co-operation and in working with us to return to the normal reporting and audit cycle.

A handwritten signature in dark ink, reading "Gareth Davies". The script is cursive and fluid, with the first name "Gareth" and last name "Davies" clearly distinguishable.

**Gareth Davies**

**Comptroller and Auditor General, United Kingdom - External Auditor**

**30 May 2025**

# Appendix One: Prior year recommendations

## Prior NAO recommendations

Ref.	Recommendation	Management response	External Auditor's view	Status
2022 interim report R2	Develop an IPSAS accounting manual detailing all adopted accounting policies and to provide guidance to staff on accrual accounting to ensure that the ITU produces reliable and accurate financial statements for the Members.	An IPSAS accounting papers have been developed on the key standards that are applicable to ITU on major sets of accounting transactions. As a result, ITU has been able to produce a higher level of quality set of financial statements from 2024. Further improvement is required as new IPSAS standards are issued.	We note management's response and from the results of the audit consider that the quality of ITU's accounting papers are maturing. We reiterate the need to pull the guidance together in a single reference document. ITU need to develop accounting policy papers for the new and emerging IPSAS standards that are due for implementation in the coming years and seek IMAC views on those proposed policies in advance of implementation.	In progress.
2022 interim report R4	Review the root causes of the issues identified and consider the skills and capacity needed to fully meet its financial reporting requirements to support the production of reliable and accurate financial statements.	ITU has increased the support required to issue quality financial statements. As a result, the accounts division has had increased capacity and this will provide continuity for future reports and related processes. Further restructuring of FRMD will take place to ensure that all aspects are fit for purpose going forward.	We note management's response and from the results of the audit consider this recommendation closed.	Implemented. Closed.
2022 interim	a) review the frequency, terms of reference and the data used to inform decision making within the senior management meetings and, b) create a systematic	The ITU has acted on the recommendation, and meaningful progress has been made. Formal senior management meetings - including the Coordination Committee (CoCo), the Management	We note management's response and have noted enhanced reporting during our 2024 audit.	Implemented. Closed.

report R5	<p>suite of reporting. This would provide better evidence of oversight and would lead to documented actions which are followed-up and better evidence the collective management oversight of the Union</p>	<p>Coordination Group (MCG), and MCG Plus (which includes the Regional Directors) - are held at least monthly. CoCo convenes more frequently when specific topics require additional senior management attention.</p> <p>Senior Management Retreats have also provided a framework for fostering commitment and setting organizational priorities. This process also led to the launch of an adaptive leadership programme involving all managers at the P5 level and above.</p> <p>The quality of reporting and information continues to improve through the development of reports and dashboards. Follow-up actions from senior management meetings are now more rigorously tracked using the CoCo Decisions and MCG Follow-up Action Trackers, strengthening documentation and oversight.</p> <p>As the transformation roadmap advances, more systematic reporting is expected to further enhance decision-making across the organization.</p>		
2022 interim report R6	<p>Develop a roadmap for the full implementation and embedding of the Accountability Framework to ensure processes are established to deliver evidence-based assurance, and to use the annual Statement on Internal Control to provide visibility of developments to Members.</p>	<p>For FY24, we strove to provide documented evidence in support of the information that was included in the Statement on Internal Control. This included information sought from managers through the Letter of Representation exercise -- those feeds into the Statement on Internal controls -- which was broadened to include an internal control self-assessment component (based on the COSO framework). While the results provided key insights, the exercise failed to capture critical weaknesses, notably regarding delegation of authority. This was in part due to the uneven understanding of by many managers of their roles and responsibility in the internal control systems and for the self-assessment component of the exercise itself. These results evidence the need more preparatory engagement with managers regarding the exercise, with emphasis on their roles and responsibility to help further embed our Accountability Framework, notably by identifying areas of weaknesses and improvement. Key to the roadmap we are developing, is that must strive to ensure</p>	<p>We note management's response and have further commented on the Statement on Internal Control in this year's report. As highlighted in the response, ITU still need to develop a roadmap for the full implementation and embedding of the Accountability Framework.</p>	<p>In progress.</p>

		that the existing SIC process is not just a tick the box exercise but duly reflect of efforts throughout the year in identifying weaknesses and improving our internal control. We are also considering ways to embed our risk management activities in another existing mandated process, that is, the rolling operational plans updated yearly, instead of running these activities separately, which will move us closer to implementing Enterprise Risk Management. In addition, the Oversight Unit is currently conducting an audit focusing on the Accountability Framework, which we hope will provide us with value-added observations to further embed the Framework.		
2022 interim report R7	Ensure that any transformation programme is sufficiently supported by a programme management office to mitigate identified risks to the change agenda and that this office is appropriately resourced with the right skills to deliver a successful change programme.	<p>Since November 2024, the Chief of the Transformation Team has initiated the establishment of the Transformation Project Portfolio and the Transformation Project Portfolio Office, guided by standard Project Portfolio Management (PPM) frameworks. To strengthen this effort, a P4-level Transformation Program Manager has joined the team since April 1, 2025, supporting the Chief in developing frameworks, processes, and tools, as well as facilitating regular meetings of the Transformation Project Manager group and update of the Transformation project portfolio status and dashboards. An initial version of the Transformation Project Portfolio dashboard was first made available to the CWG in February 2025.</p> <p>In collaboration with HRMD, the Transformation Team has also scheduled training on PRINCE2 Agile project management methodology. This training is intended for both Transformation Project Managers and other relevant staff, following an internal assessment of the various project management methodologies currently used within ITU.</p> <p>Additionally, based on a review of available tools, the Transformation Team is standardizing the use of Microsoft Planner, Microsoft Project, and Microsoft Teams as the official platforms for project portfolio management and collaboration. The Transformation Project Portfolio is maturing,</p>	We note management's response and that programme management arrangements have been established. Transformation is at an early stage in the ITU and we have commented further on the arrangements in this year's report. The operating effectiveness of these arrangements will be further considered in next year's report.	Implemented. Closed.



2022 interim report R8	Review the governance and assurance arrangements and regularly seek confirmation that the project is appropriately managed, resourced and executed to ensure the risks of a major capital programme are identified and mitigated.	<p>With the new design for the Varembe building project, The Project Governance Framework has been updated and is currently under review and approval by ITU management. This framework outlines the governance and assurance arrangements for the building project, aiming to streamline decision-making while ensuring strategic alignment, effective resource utilization, and robust risk management. A dedicated risk register for the new building project is maintained by the Building Project and Facilities Management Division, with support from an external project management firm. The firm has been engaged to consider lessons learned from past and best practices of similar projects and risk management support. Oversight of the project is provided by the Member States Advisory Group (MSAG), which also includes a Technical expert provided by German Government, and financial reports are regularly shared with the Host Country, which is also providing external review and advice on the project implementation. Finally, project governance is also provided by the Steering Committee.</p> <p>A revised project governance framework has been developed and will be adopted by CoCo, once feedback from IMAC and the External Audit has been received (MSAG already reviewed the new governance framework).</p>	We note management's response and we have further highlighted the importance of establishing appropriate governance and assurance mechanisms over such a significant project.	Not implemented.
2022 interim report R9	Develop a clear statement of need for development and the benefits to be derived to enable the Union to effectively assess and achieve value for money from the investment.	This recommendation was issued when the bids for the construction of the initial design exceeded the available budget. At that time, ITU sought an independent third-party expert assessment to advise on possible ways forward. Following a reassessment of needs, an alternative project proposal was developed with clear statement of the needs and how to address them. In June 2024, the ITU Council decided to cancel the initial design and to endorse the alternative project within the available budget ceiling and new reassessed scope meeting the needs. To ensure value for money, a competitive tender process was conducted for the selection of a General Planner (an integrated	We note management's response, but in our view, we are yet to see a clear and comprehensive statement of need and the benefits to be derived from the new building project to enable the Union to effectively assess and achieve value for money from the investment.	Not implemented.

		architect and engineering firm), and the contract is currently being finalized.		
2022 final report R4	Review its investment policy and processes, to ensure they reflect best practice and make the best return on cash resources within an agreed risk tolerance, this should be informed by external benchmarking and expertise.	ITU has revised its Financial Regulations and Financial Rules. One of the key aspects has been the approval of two key service orders on the establishment of a Treasury Committee and related investment policy. These have been put in place, in 2025 and set the parameters under which ITU should invest (including, currency hedging, risk profile of investments both in the short term and for long term investments).	We note management's response and will consider as part of our 2025 audit.	In progress.
2022 final report R5	Review its debtor management procedures, to ensure more active follow-up and recovery actions.	ITU has followed up with our debtors through the measures previously mentioned. In some cases there has been a positive result on collection of receivables. However, there have been cases where some members states have been unable to pay their regular budget assessments. ITU will undertake a review in line with its Financial Regulations and Financial Rules to determine the options available to collect aged receivables.	We note management's response and the intention to undertake a further review and therefore we will consider again as part of our 2025 audit.	In progress.
2022 final report R6	Ensure that budget allocations and financial decision-making take account of the realistic timings of cashflows, based on historic trends to minimise the risk of overspend	ITU has reviewed its policies on budget allocation and has circulated draft papers with senior management on the move towards an allocated budget mechanism to manage the case of ITU revenue not equalling its budget. This has been a concern for the past 4 years as revenue levels have not been at the level of approved budget for the past 4 years.	We note management's response and will consider the budget process in more detail as part of our 2025 audit.	In progress.
2022 final report R7	Regularly perform medical claims cost studies to support the valuation of its employee benefit liabilities and develop policies for updating these assumptions between full studies	ITU has undertaken with UNSMIS and AON a medical claims study towards the latter part of 2024. This study has updated the previous assumptions that had been used. This practice will be done every 3 years going forward.	During 2024, ITU performed a detailed medical claims study. This is further discussed in this year's report.	Implemented. Closed.
2022 final report R8	Ensure all third-party data used in the valuation of employee benefit liabilities is appropriately validated.	ITU has put in place a year end process on the validation of third-party data used for employee benefits. This has been validated by HRMD and internal audit to ensure that the data is complete and accurate for the purposes of year end processes.	We note management's response, this issue is further explored in this year's report.	In progress.

## 42 Appendix One: Prior year recommendations External Auditor's report on ITU's 2024 financial statements

2022 final report R9	Revisit its original business case for joining UNSMIS and report to Council on the associated costs and benefits to the Union of this significant investment decision.	<p>Management accepts this recommendation and will work with other UN Agencies to ensure that it benchmarks the level of health insurance protection afforded to its retired and current staff. In 2019-2020, Council was informed through multiple channels of the rationale and process according to which ITU entered into an agreement with UNSMIS. This is reflected in the following documents, inter alia: Information to Council • Financial operating reports for the years 2019 (C20/42 Rev 1) and 2020 (C21/42-E); • Progress Report by the SG on the implementation of the HR strategic plan and of Resolution 48 (C20/54-E); • External auditor's report for the year 2019 (C20/40-E); • Reports by the SG on reports After-Service Health Insurance (ASHI) liability in 2020 (C20/46-E Rev 1) and 2021 (C21/46-E). Relevant excerpts of these documents are set out below. No Council objections or requests for further discussion on the UNSMIS contract were recorded in relation to any of these reports. IMAC was also informed verbally. Independent actuarial analysis. The independent actuarial expert confirmed that the UNSMIS offer was advantageous in light of the ITU's population risk profile, which made it more sustainable for the Union and staff than running a stand-alone plan. AON concluded that "In summary, you can consider that the range of the future equalization lump sum is between 13m and 51m, whereby the 13m can be considered as an "optimistic" scenario. Therefore, we believe the financial proposal of CHF 21m for future equalization looks like a reasonable proposal by UNSMIS. There is also a past equalization of CHF 19m which is an arithmetic calculation.</p> <p>Management has reviewed this response and considers that this item be closed.</p>	<p>We note management's response and that they consider the issue to be closed.</p> <p>We consider there was insufficient consideration of the costs and benefits of joining UNSMIS verses alternative arrangements and the options previously presented to Council did not provide an appropriate basis for decision making.</p> <p>We close this recommendation given the passage of time, but we urge the Secretariat to regularly report on the costs of maintaining existing ASHI arrangement.</p>	<p>Not implemented.</p> <p>Closed.</p>
2022 final	Review all its current fund and reserve balances and the scope for rationalisation and simplification, reviewing whether balances continue to be relevant to	ITU has reviewed its fund and reserve balances. It has cleaned a number of these during 2024. However, further work is required update the remaining accounts and consolidate further in 2025.	We note management's response and will consider as part of our 2025 audit.	In progress.

report R10	the Union's financial plans. This should be in the context of an overall strategy for the maintenance of reserves and funds, aligned to the strategic plans of ITU.			
2023 Report R1	Perform a new systematic assessment of its exposure to fraud risks throughout the Union and consider whether current control activity is sufficiently focused to mitigate the risks that are identified.	ITU accepts this recommendation and will include this in its oversight planning for 2025.	We note management's response and will consider as part of our 2025 audit.	In progress.
2023 Report R2	a) ensure that its current review of anti-fraud and retaliation policies are assessed against best practice, subject to scrutiny by IMAC; and b) underpin its internal justice arrangements through the introduction of appropriate independent Ombuds processes	<p>a) The policy has been reviewed and updated in line with best practices and was submitted to IMAC for review. It is now being finalized, taking into account comments from IMAC, JAC, and the Staff Council.</p> <p>b) An MoU for the outsourcing of the Ombudsman function to UNOMS was signed by ITU, WIPO, and UNOMS in November 2024. By sharing the service with WIPO, ITU has eliminated the need for internal resources while ensuring continued access to independent and professional ombudsman and mediation services.</p> <p>A Service Order on the establishment of the Ombudsman function at ITU has been approved and will be issued once the incumbent takes up the function in 2025.</p>	We note management's response and will consider as part of our 2025 audit.	In progress.

## Appendix Two: Open Corte dei conti recommendations

### Prior Corte dei conti recommendations

Ref.	Recommendation	Management response	External Auditor's view	Status
2021 R#1	monitoring constantly and accurately this process of relocation, in order to enhance the accuracy and completeness of the asset register, safeguarding ITU's assets	Update as of May 2025: ITU is constantly monitoring the items. Each year, a physical inventory is conducted. The assets identified in this recommendation are used by a single service, namely the communications unit. As indicated in our previous comment, it is very difficult to put a "label" on these assets. The ITU knows that these assets are the responsibility of this unit. FRMD recommended closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
2021 R#2	1) enhancing the monitoring of the conditions of assets, such as the useful life, its residual value and/or any impairment loss; 2) assessing their real obsolescence through a dedicated Committee, before deciding their write-off; furthermore, this Committee should be technically competent and composed of staff not in charge of the acquisition and management of the assets during their useful life; 3) implementing a stricter procedure operated by the mentioned Committee of evaluation of the items, in particular in case of selling assets to staff.	Update as of May 2025: There is a strict procedure for the sale of equipment to staff. This procedure provided under Service Order 21/09: Procedure for the purchase of IT equipment details the conditions of sale of this equipment.	We noted management's response, and they have accepted the risk on a cost-benefit basis. <b>Service Order 21/09 should be reviewed and enhanced, particularly regarding Staff Members initiating requests to acquire by purchase ITU information systems assets. In our view, only when the Union deems equipment to be obsolete or surplus should disposal action be initiated and this should be because of routine and regular asset impairment exercises.</b>	Closed, with an observation.

2021 R#3	<p>a) that Management strengthen the internal process of verification of the confirmation letters related to balances, current accounts opened locally, through an effective assessment of information gathered directly from banks (e.g., the confirmation letters or other alternative supporting documents). In accounts where we have never received a confirmation letter for 10 years and also in case the rate of receipt of them was low.</p> <p>b) promptly initiating a due diligence check of these accounts on the correctness of signatory powers and searching for potential unrecorded liabilities, through a review carried out by a unit independent of local Management, or better, independent of staff directly operating the accounts. The outcome of this work, carried out by people independent of the staff involved in the daily management, could not only enhance the level of internal controls in the management of the field treasury, but also lower the level of reputational risk potentially linked to the risk of fraud, in particular at the field level. Nevertheless, same principles should operate also at Headquarters' level, when necessary.</p> <p>c) that Management, if unacceptable level of risks might arise from some of these accounts where a direct confirmation has never received, explore the possibility of closing some of these accounts and/or assess the opportunity of using alternatives provided in the UN system, if deemed effective and reliable (for instance, UNDP), or other institutions operating in that area.</p>	Update as of May 2024: This recommendation could be considered as implemented as an ongoing process which is done based on the evolution of the staff and bank conditions.	As noted in this year's audit completion report to management and IMAC, <b>we identified some serious control weaknesses related to the "authorised bank signatories" therefore we have made recommendations to management for these weaknesses to be addressed.</b>	Closed, with an observation.
2021 R#4	lowering this threshold or, in order to minimize risks, to consider its abolishment, authorizing banking movements only when a dual signature is guaranteed.	Update as of May 2025: This recommendation may be difficult to implement. In some offices, there may be only one professional staff. If this recommendation is systematically implemented, there	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.

		is a risk of penalising the operation of the office. Flexibility must be guaranteed on a temporary basis when a situation of this kind arises.		
2021 R#5	that a new evaluation of the buildings should be carried out, in order to verify that the value shown in the accounts are still adequate.	ITU management consider that this should be put on hold until the process for the sale of the Tower is initiated.	In our view, while remaining in use the existing buildings are held correctly at historic cost in accordance with IPSAS and ITU's stated accounting policy. We have made detailed recommendations to management on the recognition of future "new" building costs.	Closed.
2021 R#6	that ITU Management urgently: a) present to Council a HR plan on how "ITU and TW staff working time" has been redistributed and how it will be redistributed to ITU core activities; b) provide all TW staff redeployed with clear and measurable objectives, and, once employed in ITU activity, consider how they should participate in future TW activities, when necessary, without causing disruption into the ITU core business; c) start an internal independent assessment if ITU and TW staff have been left under-employed or not fully employed and/or not fully supported by management in the passage from TW's activities to other ITU objectives, in order to compensate the work not performed (in part or full time) for TW. In case of under-employment, an assessment if there are managerial responsibilities should be carried out; d) assess if the TW staff contracts that have been signed in the past (still in place) and, that will hopefully be signed in the future, will be adequate to the TW objectives: for instance, if TW is an annual event, staff might not be hired in a perspective longer than one	Update as of February 2025: The impact of Covid on the Telecom events was considered in the Report by the Chairman of the Standing Committee on Administration and Management for Council 2 022 (C22/88) (based on the details provided in the Financial Operating Report for 2020 (C22/42)). The Report notably include details regarding smaller scale ITU Digital World 2020 and 2021 events, including staff management, such as reassignment, redeployment between departments, and related costs.  ITU recommends closing this recommendation, notably due to the discontinuing of Telecom events.  Resolution 11 adopted at PP22 abrogated Telecom activities. This recommendation is not relevant anymore  “	Considering the recommendation related to Telecom activities and these have been discontinued the closure of the recommendation is reasonable.	Closed.

	year, and so on. After the assessment, we also recommend that Management guarantee that timeline of the event will be respected and correctly implemented.			
2021 R#7	that ITU start as soon as possible an independent internal assessment, to ascertain if these costs charged to TW were not justifiable, and, should this be the case, if there are managerial responsibilities	Update as of May 2024: FRMD recommended closing this recommendation, notably due to the discontinuing of Telecom events.  Resolution 11 adopted at PP22 abrogated Telecom activities. This recommendation is not relevant anymore.	Considering the recommendation related to Telecom activities and these have been discontinued the closure of the recommendation is reasonable.	Closed.
2021 R#8	that ITU assess if this platform delivered by Host Country, could be considered, according to its ownership and legal and contractual framework, as a "contribution in kind". If this were not the case, we also recommend assessing independently, through internal resources, if there are managerial responsibilities in: a) not having provided timely sufficient and reliable information to SG, bringing him to authorize on an exceptional base, activities that, if not carried out, would have safeguarded ITU resources., that could have allocated to more urgent, for ITU-wide, programmatic measures.  b) having decided to continue to work for Digital World, increasing direct and indirect costs for ITU Financial Statements, knowing that Host Country was not signing an additional 2021 HCA.	Update as of May 2024: FRMD recommended closing this recommendation, notably due to the discontinuing of Telecom events.  Resolution 11 adopted at PP22 abrogated Telecom activities. This recommendation is not relevant anymore.	Considering the recommendation related to Telecom activities and these have been discontinued the closure of the recommendation is reasonable.	Closed.
2021 R#9	that the ITU Project Management Manual be expanded, as well as the Procurement Manual and Annex II to the Financial Regulations and Financial Rules on "Rules, Procedures and Financial Provisions for Voluntary Contributions and Trust Funds", in order to prevent all types of conflicts of interest. Such a legal review is necessary and urgent not only to have an	Update as of February 2025: ITU staff are required to complete an annual Declaration of Interests exercise per Service Order 24/16, "ITU Policy on Declaration of Interests", and must declare any actual, potential, or apparent conflicts of interest, including with respect to ITU projects. [...]  It is recommended to close this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.



	adequate regulatory framework, but also to provide the legal basis for the design and implementation of an effective internal control system, in particular to avoid situations i) where the funding partner is the recipient of ITU's assistance, and, further, ii) when donors and beneficiaries have common interest in having a specific supplier instead the most cost-effective one.			
2021 R#10	<p>that:</p> <p>i) an appropriate analysis be urgently activated, to identify risk indicators relating to potential conflicts of interest and fraud risks, reviewed by an independent expert;</p> <p>ii) ongoing projects be reviewed, to verify whether there are circumstances of potential or existing conflict of interest, as described above;</p> <p>iii) the suspension of new projects be assessed, as well as the payment of ongoing projects, if the revision carried out – within the terms mentioned above – indicates a risk of conflict of interest, fraud, irregularities, and, in any case, until the entry into force of an appropriate control framework and process (as recommended above).</p>	<p>Update as of February 2025: In 2022, ITU retained an external internal audit and risk consultant to conduct an assessment related to major financial, fraud and reputational risks in ITU. The assessment noted that, following the Bangkok case, the ITU has introduced wide range measures to enhance governance and internal controls. Regarding potential system vulnerability, in 2023, ISD retained an external expert firm in 2023 to assess ITU ERP, focusing on access rights, segregation of duties conflicting rules, and violation of critical activities/sub-processes that might enable fraudulent activities. With respect to conflicts of interest (COI), ITU staff and consultants (SSAs) are required to complete an annual Declaration of Interests as per Service Order 24/16, "ITU Policy on Declaration of Interests", and must declare any actual, potential, or apparent COI, including with respect to ITU projects. As part this exercise, staff must also review the list of ITU vendors/suppliers and declare whether they have any interest in, or relationship with, any listed entities. All declarations are reviewed by the Ethics Office. Furthermore, there is a protocol in place should COI or other irregularities be identified in projects (such as with Service Order 24/16) and for appropriate mitigation measures to be put in place. There is also a mandatory Ethics Office training that covers COI and fraud awareness, with an emphasis reporting given that, according to CFE, more than 70% of instances of fraud are reported internally by staff members. The framework for reporting and investigation alleged fraud and other misconduct has been</p>	<p>We note the latest response. We will consider in more detail the Ethics Office arrangements as part of next year's audit.</p>	Open

		<p>updated with the new 2024 Oversight Charter. The new Chief of Oversight joined ITU in 2024.</p> <p>Update as of May 2025: The Oversight Unit is planning the conduct of a Corporate Fraud Risk Assessment in 2025 by an external expert firm, the findings of which will likely help to further address this recommendation, including regular functionally focused second-line fraud risk assessments.</p> <p>ITU considers the implementation to be in progress.</p>		
2021 R#11	<p>In relation to the “Audit of programmes, projects, and supplementary activities (PPSA) funded by Voluntary Contributions and Trust Funds”, issued by the IAU on 30 September 2021, we endorse their recommendations, and we recommend that Management should promptly implement them, and that IAU follow up their implementation.</p>	<p>1) The Project Implementation Status Report (PISR) document has been revised to facilitate updates by project focal points;</p> <p>2) A project progress report to BR management is scheduled every two months, with a focus on issues and solutions;</p> <p>3) The Project Charter document has been revised and is to be used for any new BR project;</p> <p>4) Project Workplan, Project Requirements and Project Closure documents have been drafted and proposed to the BR project focal points;</p> <p>5) A draft formalization of the project documentation process has been proposed and is being consolidated into a prototype of the BR Project Management Manual.</p> <p>Deadline 30 June 2025</p> <p>ITU considers the implementation to be in progress.</p>	<p>Latest response is noted and considered reasonable. Considering that the Oversight Unit should be following up the detail of their recommendations, this associated external audit recommendation is closed.</p>	Closed.
2021 R#12	<p>that Management urgently:</p> <p>i) continues the organization of ITU-wide trainings on all the practices and guidance currently in place at ITU, especially to BR an TSB;</p> <p>ii) improve internal controls, through the creation of checklists based on accurate control steps, derived from the legal framework (management of conflict of interest, frauds, etc.), also including specific,</p>	<p>Update as of May 2024: ITU has strengthened project governance across all BDT projects through a broad range of activities. The following summarizes [those] activities [...] since 2021:</p> <p>—Establishment of the BDT Projects Board: The BDT Projects Board has continued to meet regularly to assess and evaluate project proposals' viability and relevance before they evolve into projects, review, and approve projects before they are agreed on with partners and provide oversight on project implementation and</p>	<p>Latest response is noted. Considering our own findings this year on project activities and more generally on the control environment in this report, this recommendation remains in progress.</p>	Open.

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consistent and effective indicators of fraud risk and errors, which could help supervisory authorities and/or independent evaluators to monitor and enhance internal controls. These checklists should be consistently applied in all Bureaus, creating an audit trail where supervisors could monitor the work of project managers, where, as stated above, each step of control will contribute to enhance an effective internal control system.

closure where issues arise. The decisions from the Board are regularly followed up by the Project Support Division and reported back to the Projects Board.

—Establishment of a new group of “Projects under special oversight”: i.e. the BDT Projects Board introduced a mechanism to provide an additional level of oversight to the projects facing long-standing challenges in implementation. The projects included in this group are monitored on a weekly basis, with a weekly report presented to BDT Director for consideration and additional guidance. Projects are kept under special oversight until their implementation gets back on track.

—Strengthening reporting to partners: BDT introduced a new policy to ensure that all project partners receive regular reports at least once every six (6) months, including details on the results achieved by the projects they fund, as well as financial details. This measure was introduced following the feedback received from TDAG. These donor reports are not provided at the request of donors but are meant to ensure transparency and better and timely reporting.

—New project dashboard for ITU Member States: Following the feedback received from TDAG, ITU has introduced a new interactive project dashboard, which provides additional information to ITU Membership on the status of the ITU-D Project portfolio. The new dashboard is available for holders of ITU user accounts with TIES access in the BDT Projects Portal.

With regards to the selection and management of consultants, ITU has introduced new mechanisms to strengthen transparency and competition for all roles hire by ITU. These has in some cases resulted in delays in hiring that have affected the implementation timeline of PPSA. Looking into the next steps, the ITU Administration is now reviewing the improvements introduced to reduce the length and complexity of processes to allow for more timely recruitment of experts and staff.

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		<p>Considering that the PPSA are being implemented by across ITU, the methodologies and mechanisms developed and implemented by BDT above can be extended to other Bureaux and the GA.</p> <p>This recommendation can be considered as partially implemented for PPSA managed by BDT, with ongoing work for the rest of the Bureaux and the General Secretariat.</p>		
2021 R#13	<p>a) that the monitoring of expenditure is also accompanied by a review of the current regulatory framework, for a correct organization of the periods of work and the accrual of holidays in view of the end of the service, and</p> <p>b) reviewing and strengthening the rules relating to the days of leave that can be accumulated by staff before leaving the organization.</p>	<p>Update as of May 2024: A checklist has been developed for "End of Service". This recommendation should be marked as implemented.</p> <p>ITU considers this recommendation implemented.</p>	<p>Latest response is noted and considered reasonable. The recommendation is closed.</p>	Closed.
2021 R#14	<p>that the mobility policy be timely and effectively implemented.</p>	<p>Update as of May 2025: This recommendation as well as recommendations 17 and 18 of the 2022 Special Report Regional Office for the Americas relate to staff rotation and mobility are being addressed together.</p> <p>ITU considers the implementation to be in progress.</p>	<p>Latest response is noted. The recommendation remains in progress.</p>	Open.
2021 R#15	<p>adopting a system that allows at least a complete and exhaustive filing of the documents relating to the SSAs' employment relationship, which can be accessed over time.</p>	<p>Update as of February 2025: Control measures have been introduced such as a Standard Operating Procedure (SOP) on SSA payments was developed – designed to ensure the timely closure of contracts – which include a certification by managers that outputs have been successfully achieved. HRMD/SAS, since August 2024, has required all hiring managers to certify the delivery of all outputs listed in the TOR prior to making full and final payment. Starting January 2025, copies of the certifications need to be uploaded to SAP. New Guideline on Conflicts of Interest for SSAs was developed to facilitate mandatory declarations and monitoring of actual or potential conflicts for SSAs. The online mandatory declaration is automatically sent to the Ethics Office</p>	<p>Latest response is noted and considered reasonable. The recommendation is closed.</p>	Closed.

		and HRMD. Additionally, the SSA policy, including a review of SSA remuneration (last updated in 2010), is currently being reviewed and will be issued in Q2 2025. The new policy will provide clearer guidelines on the use and limitations of consultancy contracts (e.g. one consultancy contract with ITU at a time). ITU recommends closing this recommendation.		
2021 R#16	<p>a) reviewing all existing contracts that do not have the Declaration of absence of conflicts of interest signed by the SSA contractor;</p> <p>b) that the Ethics Officer be involved in the monitoring of such SSAs declarations.</p>	<p>Update as of December 2023: All existing contracts will be asked to fill the new electronic form. The Ethics Officer is fully involved in the monitoring of these declarations. Comprehensive recruitment guidelines that cover the monitor and control of recruitment of Experts/ Consultants have been approved by CoCo and published on the Intranet. A Recruitment Management system that incorporates the entire recruitment process for Expert/Consultants has been rolled out, which includes a complete system and control processes.</p> <p>Update as of February 2024: Pursuant to Service Order 22/02: ITU Policy on Declaration of Interests (and with Service Order 24/16), the annual mandatory declaration of interests now apply to consultants and holders of a SSA contract.</p> <p>Update ad of February 2025: Introduction of control measures to enhance compliance notably a Standard Operating Procedure for SSA payments and timely closure of contracts with certification by managers that outputs were achieved. In addition, a new SSA Guideline on Conflicts of Interest, applicable to all SSA holders, was developed to facilitate the mandatory declaration and monitoring of actual or potential conflicts. The mandatory declaration is done online, with copies automatically sent to the Ethics Office and HRMD. The 2010 SSA policy is currently being updated (including for the remuneration scale). It will be issued in Q2 2025 with clearer guidelines on the use and limitations of consultancy contracts (e.g. only one contract per individuals with ITU at a time).</p> <p>ITU considers this recommendation implemented.</p>	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.

2021 R#17	that Management continue efforts i) in recovering amounts subject to fraud, finding agreement with local authorities to try to recover them, ii) also establishing ex-ante protocols with donor Member States that can help to build a legal and contractual framework for better prosecuting frauds that damages or ITU or the donor.	The Thai Anti-Corruption Authorities are currently pursuing the case against the perpetrator in Thailand, following a complaint filed by ITU. The ITU Secretariat is supplying the Thai authorities with the necessary evidence upon request. The case is progressing in Thailand. Furthermore, all agreements with donors now include an audit and investigation clause. ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
2021 R#18	Considering the outcome of the report issued by the external Assessor regarding the Bangkok fraud case, we therefore recommend following it up through adequate administrative procedure.	Action has been taken against the individual responsible for the fraud. The perpetrator was dismissed, and a formal complaint was filed with the Thai Anti-Corruption Authorities. ITU is providing evidence to the Thai Anti-Corruption Authorities, as requested, to aid in the case's management in Thailand. Internal disciplinary action was also taken against relevant staff. ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
2021 R#19	that Management start a thorough and comprehensive exercise, in order to define more effective Actions, especially in high-risk areas.	Update as of May 2025: In recent years BDT has strengthening its control over mission travels through the BDT Management Executive Committee; enhanced monitoring of expenditures through our RBM, including at Regional and Areas offices; worked with ISD to strengthen controls related to physical safety and security as well as IT security at our Regional and Areas offices; and worked on the implementing a DoA framework. BDT intends to focus on other high risks areas, including those that may be identify notably through the Corporate Fraud Risk Assessment planned for this year. BDT considers the implementation to be in progress	Latest response is noted. The recommendation remains in progress.	Open.
2021 R#20	assessing whether, at least for the regional presence and/or for high risky areas as at-today detected (for instance SSA, and Project management), ITU have the need of a continuous monitoring by an independent controller, as for instance, envisaged by international practices (for instance, the COSO	Update as of May 2025: In terms of second line support, working closely with ISD, for Regional and Areas offices the focus in recent years has been on business continuity and resilience, safety and security, and the security of our IT system. For budget and expenditures, financial controllers of FRMD provides this support. BDT intends to continue to focus, and seek support, regarding high	Latest response is noted. Considering our own findings this year on project activities and the lack of progress on the fraud risk assessment, this recommendation remains in progress	Open

## 54 Appendix Two: Open Corte dei conti recommendations External Auditor's report on ITU's 2024 financial statements

	framework, when requesting a "second line of defence").	risks areas, including those that may be identify notably through the Corporate Fraud Risk Assessment planned for this year ITU considers the implementation to be in progress.		
2021 R#21	reviewing immediately the Internal Audit charter and its regulatory framework.	Update as of January 2025: In September 2024, a new Oversight Charter was introduced by way of Service Order No. 24/09: Adoption of the ITU Oversight Charter and Clarification, which governs the internal audit functions, including its independence, as a separate function from investigation. The SO was introduced pursuant to Council 2024 adoption of the Charter, which provides under section VII, its review at least every five years with the Secretary-General proposing changes to Council. The Charter also refers to the audit function "adherence" to the new IIA's Global Internal Audit Standards (GIAS) that took effect in January 2025. Section VI.32(h) of the Charter provides for the periodic review the conformance of the audit functions with generally accepted standards, which may lead to operational and regulatory changes. The Oversight Unit recommends closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
2021 R#22	that the regulatory framework should be amended, envisaging that the Internal Audit charter be presented by Head, IAU, to the IMAC, and, after its assessment, be approved by both the Secretary-General and the Council	Update as of January 2025: In September 2024, a new Oversight Charter was introduced by way of Service Order No. 24/09: Adoption of the ITU Oversight Charter and Clarification, which governs the internal audit functions, including its independence. The SO was introduced pursuant to the adoption of the Charter by Council 2024 which had been reviewed and commented on by IMAC. The new Charter, under section VII, provides for its review at least every five years with the Secretary-General proposing changes to Council where warranted. ITU recommends closing this recommendation	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
2021 R#23	that Head, IAU adopt a risk-based audit plan with a multi-year perspective, including a rolling cycle of coverage, that maximise the use of the internal resources to ensure a regular coverage of the risks, key areas and activities of the Organization. The	Update as of January 2025: The annual Internal Audit plan has always been risk-based, was annually submitted to IMAC for comments and contains medium term planning items/areas. The new ITU Oversight Charter was issued by way of Service Order 24/09 pursuant to its adoption by Council 2024. The Charter	As noted in this year's report, Internal Audit is due to have a peer review by the Institute of Internal Auditors. We have closed this detailed recommendation on planning and will	Closed.

	length of the rolling cycle (usually, three years) should be determined by the IAU, considering the resources available; the areas to be audited in the multi-year period should be disclosed, for example, in a table at the end of the annual plan.	mandates the development of risk-based audit plans to be reviewed by IMAC and approved by the Secretary-General. ITU recommends closing this recommendation.	review the outcome of the IIA assessment and update Council in our report next year.	
2021 R#24	that: (i) in the review of the IAU charter, the evaluation function should be institutionalised, setting the required skills; (ii) evaluation activity should be regularly envisaged in the IAU work plan.	Update as of January 2025: The establishment of the Oversight Unit was approved by Council 2023. The Oversight Charter was issued by way of Service Order 24/09 after Council 2024 adoption of the Charter. The Charter covers and governs the evaluation function's responsibilities, which is in the process of being set up. ITU recommends closing this recommendation.	As noted in this year's report, while the evaluation function is now within the Oversight Unit, there has been no evaluation activity. We have consequently superseded this recommendation.	Closed
2021 R#25	that an annual training programme should be established, aligned to the annual work plan, in order to assess the adequateness of the professional skills required for its implementation.	Update as of May 2025: In line with the quality assurance and improvement program found in the Institute of Internal Auditor (IIA) standards -- which include self and external peer assessments -- the Oversight Unit will develop training programs in line with this recommendation, which will be implemented with the support of ITU where required. ITU considers this recommendation to be in progress.	The recommendation relates to the professional skills requirements and continuing professional development of internal audit personnel. The response provided is the generic ITU training provision and does not address the specifics of the recommendation. This recommendation is not implemented and would expect this to be considered as part of the IIA peer review.	Open
2021 R#26	that Head, IAU should carry out a regular full self-assessment (at least every two years) of compliance with all IIA standards and with the three lines model, in order to support regular improvement of the IAU, determining all actions required.	Update as of January 2025: Self-assessment is carried out yearly. ITU recommends closing this recommendation.	As noted in this year's report, Internal Audit is due to have a peer review by the Institute of Internal Auditors. We have closed this detailed recommendation on self-assessment and will review the outcome of the IIA external assessment and update Council in our report next year.	Closed.



2021 R#27	that the IAU charter be revised, stating that Internal Audit Unit cannot be asked for consulting services, unless, if needed, for a matter of urgency. In this case, objectives for this type of consulting service should be well defined, specifying ex-ante the measures to safeguard the IAU independence.	Update as of January 2025: In September 2024, a new Oversight Charter was introduced by way of Service Order No. 24/09: Adoption of the ITU Oversight Charter and Clarification, which governs the internal audit functions. The SO was introduced pursuant to Council 2024 adoption of the Charter which had been reviewed and commented on by IMAC. ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
2021 R#28	that the Terms of Reference for the Head, IAU be amended, providing for a non-renewable tenure of five to seven years for the post of Head, IAU, with the impossibility to be employed within the ITU after the end of the mandate.	Update as of January 2025: The Chief of Oversight has a term limit of 5 years. ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
2021 R#29	amending the IAU charter, stating that a risk-based annual audit plan should be presented for approval by the Head, IAU to the Independent Management Advisory Committee, and that adequate resources should be provided by the Secretary-General in accordance with the approved annual audit plan.	Update as of January 2025: In September 2024, a new Oversight Charter was introduced by way of Service Order No. 24/09: Adoption of the ITU Oversight Charter and Clarification, which governs the internal audit functions. The SO was introduced pursuant to Council 2024 adoption of the Charter, with sections III.8 and 9, and VI.32(a) mandating risk-based audit plan to be reviewed by IMAC and approve by the Secretary-General. ITU recommends closing this recommendation	As noted in this year's report, Internal Audit is due to have a peer review by the Institute of Internal Auditors. We have closed this detailed recommendation on planning and will review the outcome of the IIA assessment and update Council in our report next year.	Closed.
2021 R#30	that: i) a new regulatory framework, with regard to the investigative function, be designed and approved by the Council, involving, in the drafting process of the new rules, both the IMAC and the investigator; ii) Ethics Officer, although a constant coordination with the investigator is needed (for example, being the focal point of whistleblower protection policy), be not involved in investigative functions in the new process, iii) the investigator can decide to open an investigation without the authorization of the Secretary-General.	Update as of May 2025: The Oversight Unit was created by C23. In September 2024, a new Oversight Charter was introduced by way of Service Order No. 24/09: Adoption of the ITU Oversight Charter and Clarification SO 24/09 was introduced pursuant to Council 2024 adoption of the Charter which had been reviewed and commented on by IMAC. The Charter defines and delineates the specific investigation function's responsibilities, which are conducted independent of management (sections I.2 and IV), separate from the internal audit function's responsibilities. This includes the Oversight Unit independently assessing allegations received and, where warranted, deciding to launch of a formal investigation (section III.B.10). New SOs are to be released that	Latest response is noted and considered reasonable. The creation of the Oversight Unit has addressed points i) and ii) in the recommendation. Point iii) is addressed in the new Service Order on the "ITU investigation guidelines". We will consider the operation of the new internal justice procedures in next year's audit.	Closed.

		will cover Investigations Guidelines and update related SO to reflect the OU Charter. In particular that reports of misconduct are made to the OU and that the OU undertakes the PA. It was noted that the IMAC was consulted in the drafting process. ITU recommends closing this recommendation.		
2021 R#31	that: i) the Secretary-General provide the office with adequate resources, both financial and – if deemed appropriate and efficient – also human; and ii) the investigator study and sign an agreement with OIOS or some UN investigative body, to carry out all investigations needed, also in the fields where the investigator is not sufficiently skilled and/or if staff of the office is not enough to perform its work.	Update as of May 2025: The new framework and the internal capacity to conduct investigative activities has been strengthened, including through the commitment of additional resources. Notably, Council 2023 approved the creation of an Oversight Unit (C23/53-E) that comprises an investigation function. Council 2024 also adopted an Oversight Charter which was introduced via Service Order No. 24/09: Adoption of the ITU Oversight Charter and Clarification. The Oversight Unit has been established and is being staffed with adequate resources. The recently created position Chief, Oversight Unit, at the D1 level, was filled in the second half of 2024. In addition, under applicable investigation rules and guidelines, when required, the Oversight Unit could request and retain external investigative support. ITU is in the process of concluding an agreement with OIOS.	Latest response is noted. As highlighted in Part 2 of this report, the revised oversight arrangements are in their infancy, and we have noted they are not yet fully resourced. Consequently, this recommendation remains open.	Open.
2021 R#32	involving different personnel through the main phases of the change management process to respect the principle of segregation of duties and avoid the related risk of releasing changes into production not previously authorized and verified.	As an overall mechanism to strengthen governance and oversight, the ICT Governance Committee has been established, ensuring proper risk management and implementation of controls, such as proper separation of duties, at the different phases of significant IT projects. Segregation of environments and user access to the environment are in place. UAT forms and guidance are adjusted to each release in the ERP and CRM systems. ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.	Closed,

2021 R#33	documenting User Acceptance Test (UAT) or System Test avoiding to releasing changes into production not previously verified.	Update as of May 2025: As an overall mechanism to strengthen governance and oversight, the ICT Governance Committee has been established, ensuring proper risk management and implementation of controls, such as proper separation of duties, at the different phases of significant IT projects.  UAT documentation and signature forms are part of the process to release changes on the ERP and CRM systems.  ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.	Closed,
2021 R#34	documenting the approving phase avoiding the related risk of releasing changes into production not previously authorized.	Update as of May 2025: As an overall mechanism to strengthen governance and oversight, the ICT Governance Committee has been established, ensuring proper risk management and implementation of controls, such as proper separation of duties, at the different phases of significant IT projects.  The process to move changes to production follow the User Acceptance Test procedure, which includes the UAT signed form to ensure proper authorization.  ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.	Closed,
2021 R#35	reviewing and updating the change management procedure in order to accurately document the various phases of development, tests and approval for the production release of the application changes. Furthermore, we recommend that roles and responsibilities be accurately defined, to guarantee a segregation of the stakeholders involved in the Change Management process.	Update as of May 2025: As an overall mechanism to strengthen governance and oversight, the ICT Governance Committee has been established, ensuring proper risk management and implementation of controls, such as proper separation of duties, at the different phases of significant IT projects.  Change Management process covers from documenting business requirements, planning development work, preparing the environments, identify users/roles and responsibilities and criteria to and move to Production.  ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.	Closed,
2021 R#36	involving different personnel through the main phases of the change management process, in order to respect the principle of segregation of duties between developers and owners	Update as of May 2025: As an overall mechanism to strengthen governance and oversight, the ICT Governance Committee has been established, ensuring proper risk management and	Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance	Closed,

		<p>implementation of controls, such as proper separation of duties, at the different phases of significant IT projects.</p> <p>The project charter describes the roles and responsibilities across the different phases of the project, including business units, development teams and release to Production.</p> <p>ITU recommends closing this recommendation.</p>	<p>over its IT environment and have made associated new recommendations in this report.</p>	
2021 R#37	implementing a regular database patching process, in order to install updates released by the vendor.	<p>Update as of May 2025: Patching of server and DB environment is now part of IS Dept. automatic patch procedure which runs monthly.</p> <p>ITU recommends closing this recommendation.</p>	<p>Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.</p>	Closed,
2021 R#38	that the approval phase in the provisioning users process be always documented, and that the procedure be followed, in order to respect the necessary steps defined.	<p>Update as of May 2025: The strengthening of the process has been done on a continual basis, including documentation of provisioning user access.</p> <p>ITU recommends closing this recommendation.</p>	<p>Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.</p>	Closed,
2021 R#39	executing a documented access right review, at least on annual frequency, for all existing users on the SAP ERP (010).	<p>Update as of May 2025: The strengthening of the process has been done on a continual basis. An external expert firm was retained in 2023 to conduct the latest in-depth comprehensive review of our ERP system, including access rights. We are planning the next such review for 2025.</p> <p>ITU recommends closing this recommendation.</p>	<p>Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.</p>	Closed,

2021 R#40	executing a documented review of the activities performed by “super users”, on periodical based within the FY, through the log monitoring.	Update as of May 2025: The strengthening of the process has been done on a continual basis. An external expert firm was retained in 2023 to conduct the latest in-depth comprehensive review of our ERP system, including access rights. We are planning the next such review for 2025. ITU recommends that this is in progress	Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.	Closed,
2021 R#41	that ITU's business owner should execute a documented periodic review, at least annual frequency, of SAP ERP (010) functional matrices	Update as of May 2025: The strengthening of the process has been done on a continual basis. An external expert firm was retained in 2023 to conduct the latest in-depth comprehensive review of our ERP system, including access rights. We are planning the next such review for 2025. ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.	Closed,
2021 R#42	that ITU should define a procedure to rule the SAP ERP (010) client opening events, in order to identify a correct authorization flow and to handle the related documentation storage. Furthermore, we recommend, during a client opening event, that the parameter “CCCORACTIV” be set to the value “1”, in order to track the modification in E070 table.	Update as of May 2024: Manual process developed to enhance reviews of such requests. Further improvement would require the acquisition and implementation of the GRC SAP module would allow for the implementation of an automated review process ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
2021 R#43	that ITU should strengthen the security of the SAP ERP (010) operating system, setting up the following parameters in accordance with the IT best practices: 1. Max password age (BP: 90 or less, to set-up for the user category “all user”). 2. Minimum password age (BP: 1 or higher, to set-up for the user category “all user”).	Update as of January 2025: Testing is being implemented in test and dev environment. It will be enforced in the production environment upon positive results and insurance the continuity of the service. ITU considers the implementation to be in progress.	Latest response is noted.	Open

	<p>3. Account lockout threshold (BP: 3 - 5 login attempts; to set-up both for the user category "admin" and "all user").</p> <p>4. Account lockout observation (BP: 0 zero; to set-up both for the user category "admin" and "all user").</p> <p>5. Idle Session Time Out (BP: 15 min; to set-up both for the user category "admin" and "all user").</p>			
2021 R#44	<p>that ITU should strengthen the security of the hardening settings for the SAP ERP (010) operating system, setting up the following parameters in accordance with the IT best practices:</p> <p>1. Audit account logon events (BP: Success and Failure)</p> <p>2. Audit directory service access (BP: Failure)</p> <p>3. Audit object access (BP: Failure)</p> <p>4. Audit privilege use (BP: Failure)</p> <p>5. Audit system events (BP: Failure)</p>	<p>Update as of September 2024: A new SOC has been implemented. It englobes among others all SAP ecosystem servers. The audit policy in place covers elements mentioned in the recommendation. The SOC is operational on a 24/7 basis.</p>	<p>Latest response is noted and considered reasonable. The recommendation is closed.</p>	Closed.
2021 R#45	<p>executing a documented access right review, at least on annual frequency, for all existing users on the SAP ERP (010) operational system</p>	<p>Update as of May 2025: The strengthening of the process has been done on a continual basis. An external expert firm was retained in 2023 to conduct the latest in-depth comprehensive review of our ERP system, including access rights. We are planning the next such review for 2025.</p> <p>ITU recommends closing this recommendation.</p>	<p>Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.</p>	Closed,
2021 R#46	<p>that ITU strengthen the security of the SAP ERP (010) database, setting up the following parameters in accordance with the best practices:</p> <p>1. Minimum password length (BP: 8).</p> <p>2. Account lockout threshold (BP: 3 - 5 login attempts).</p>	<p>Update as of January 2025: In line with the recommendation, the following parameters have been set in SAP (ERP):</p> <ul style="list-style-type: none"> <li>- login/min_password_lng = 8</li> <li>- login/min_password_upper/lower case = 1</li> <li>- login/min_password_diff = 2</li> <li>- login/min_password_digits = 1</li> </ul>	<p>Latest response is noted and considered reasonable. The recommendation is closed.</p>	Closed.

## 62 Appendix Two: Open Corte dei conti recommendations External Auditor's report on ITU's 2024 financial statements

	3. Password must meet complexity requirements (BP: Enable)	<ul style="list-style-type: none"> <li>- login/min_password_letters = 1</li> <li>- login/min_password_specials = 1</li> <li>- login/fails_to_user_lock = 5</li> <li>- login/password_max_idle_initial = 13</li> <li>- login/password_max_idle_productive = 90</li> </ul> <p>ISD deems this recommendation implemented</p>		
2021 R#47	executing a documented access right review, at least annually, for all existing users on the SAP ERP (010) database.	<p>Update as of May 2025: The strengthening of the process has been done on a continual basis. An external expert firm was retained in 2023 to conduct the latest in-depth comprehensive review of our ERP system, including access rights. We are planning the next such review for 2025.</p> <p>ITU recommends closing this recommendation.</p>	Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.	Closed,
2021 R#48	properly storing all the documentation related to the authorization flow to the data centre accesses (MO7).	<p>Update as of May 2025: The SOP has been created and access rights implemented.</p> <p>ITU recommends closing this recommendation.</p>	Latest response is noted and considered reasonable. As highlighted in Part 2 of this current report, we considered management's overall arrangements for obtaining assurance over its IT environment and have made associated new recommendations in this report.	Closed,
Rec# 1/2020	<p>a) PROC should carefully monitor the low-value procurement, to avoid that it is used to elude the competitive procedures. In case the result of this monitoring will ascertain such abuse.</p> <p>b) Management considers even to avoid the "Low Value Procurement", also through the implementation of new guidelines in the procurement Manual or to reduce the thresholds (5k and 20k) admitted by the</p>	<p>The recommendation was implemented on 4 February 2022 in the ERP system and incorporated in the 2022 revision of the Procurement Manual.</p> <p>ITU recommends closing this recommendation.</p>	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.

	Procurement Manual for having procurement awarded only to one single supplier without any competition.			
Rec# 3/2020	PROC draw up the foreseen procedures (or other special procedures) for low value (Articles 6.7.1.) and very low value procurement (6.7.5.), or, otherwise, that the Procurement Manual be amended, in case such procedures are not needed or potentially superseded by the implementation of new guidelines aimed in avoiding the "direct award".	Update as of June 2022: The revision of the Procurement Manual was drafted, reviewed by the Contracts Committee and forwarded to the Legal Affairs Unit for review. The final version will be sent back to Contracts Committee for final review.  ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
Rec# 5/2020	implementing a two-envelope system in all procurement procedures, to avoid any kind of influences by the price during the evaluation of the bids received, except in case of very simple procedures (pass/fail criteria) and/or low value procurement.	Update as of June 2022: ITU comments remain the same. The solicitation methods (RFQ, ITB, and RFP) are widely and commonly implemented and used by UN Organizations. Implementing a two-envelope system in all procurement procedures will deviate from ITU Procurement Manual and UN procurement procedures.  ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
Rec# 7/2020	to strengthen the process of digitalization of personnel files, through a comprehensive and effective personnel e-filing system, supported by robust backup and disaster recovery systems, combined with an efficient and effective classification and archiving of the original paper documentation.	Update as of June 2022: ITU has established an e-filing system on the ITU intranet using SharePoint technology. At this point, all information being scattered in different drives and owned by different HR teams is being identified for migration into this common filing system. The system is already connected with SAP and receives a copy of all personnel actions in an automated manner.  ITU considers the implementation to be in progress.	Latest response is noted.	Open.
Rec# 8/2020	a) enhancing the efficiency and effectiveness of the disciplinary process, establishing sanctions that are able to protect the ITU from risks deriving from staff fraudulent behaviours, in particular when there is a financial loss.  b) strengthening the Union's capacity to react to fraudulent staff behaviour, in particular exploring the possibility to prosecute staff found guilty after their	Update as of June 2022: ITU is proposing a full review of the disciplinary process which includes all the recommendations made by the External Auditors. ITU has become a member of the ClearCheck system of the United Nations and has included one case in the database.  ITU considers the implementation to be in progress.	Latest response is noted.	Open.



	departure, not only for recovery purposes, but also for insertion in any existing shared UN databases related to people directly or indirectly involved in financial losses.			
Rec# 5/2019	considering the enhancement of the e-filing project and the development and implementation of a real information management system, including through investment in external services.	Update as of June 2022: ITU has established an e-filing system on the ITU intranet using SharePoint technology. At this point, all information being scattered in different drives and owned by different HR teams is being identified for migration into this common filing system. The system is already connected with SAP and receives a copy of all personnel actions in an automated manner.  ITU considers this recommendation to be in progress.	Latest response is noted.	Open.
Rec# 6/2019	giving impetus to the enforcement of the new Strategic framework, through operational plans and a timeframe to implement them.	Update as of October 2021: the progress on the HRSP was successfully reported in document C21/54 "Progress report on the implementation the HR Strategic Plan and of Resolution 48 (rev. Dubai, 2018)" to Council 2021 in June 2021.  Update as of June 2022: Progress on the HR strategic plan was reported to the Council held in March 2022.  ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
Rec# 13/2018	that Management formulate a specific and detailed list of expenditure that can be authorized, or excluded, by Regional Directors.	Update as of June 2022: Considered as implemented  The list of authorized expenditures is included in the petty cash guidelines that were shared with regional and area office colleagues. Any exception is sent to FRMD for prior approval.  ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
Rec# 15/2018	setting up effective programmatic and technical monitoring through accurate, robust and consistent performance indicators, to assess whether the duty trip concerned is necessary for ITU, with the possibility of having an independent unit/body that will assess	Update as of June 2022:  Missions were identified to support the OP 2022 activities within the OP planning system, but clear plans still not done because of the significant uncertainty created by the Covid-19 Pandemic.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.

	whether the duty trip has achieved its planned objectives	<p>Update as of May 2025: The approved mission request form is compulsory for raising an electronic travel authorization. End of 2024, new procedure introduced whereby all travels are approved by Management Executive Committee (MEC), which notably assess the function of the staff, the destination, and the justification for the travel.</p> <p>ITU recommends closing this recommendation.</p>		
Rec# 16/2018	to avoid possible conflicts of interest, the Regional Directors and HQ should give careful consideration before sending staff on duty travel to their home countries, and at the same time monitor all duty travel adequately.	<p>Update as of June 2022:</p> <p>This is unavoidable due to the small size of BDT's staff in the regional offices and the specialised work done by staff which sometimes requires that staff travel to their home countries. Regional Directors have been advised of this concern, and checks are made to ensure that travel is justified, and staff concerned are aware of their duty to remain impartial when travelling to their home country. The DDR conducts periodic spot checks on these travel arrangements during the approval process for this travel, by contacting the RD directly to ensure that the travel is necessary and speaking to the staff concerned to ensure that they are aware of their responsibilities.</p> <p>Update as of 2025: End of 2024, new procedure introduced whereby all travels are approved by Management Executive Committee (MEC), which notably assess the function of the staff, the destination, and the justification for the travel. Through this approval process, due consideration is given to possible conflict of interests, including for staff who have to go on mission travel to their country of origin.</p> <p>ITU recommends closing this recommendation.</p>	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
Rec# 17/2018	that Management urgently enhance the level of internal control over HR, in particular with regard to hiring consultants, through a system involving the monitoring of their activities through key performance	<p>Update as of June 2022:</p> <p>Considered as implemented</p> <p>XSR – The expert recruitment system for SSA, travel cost only was launched in July 2022.</p>	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.

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indicators and the adoption of specific operating Manuals, guidelines and checklists that could help assess the need to hire consultants and, ex-post, their evaluation.

Special Report "Regional Office for the Americas":

Serial	Recommendation	Management response at 12 June 2023		
R#1	that the presence of the ITU – in a building where the hospitality of ANATEL is `free of charge – be clearly identifiable as separate from the national entity, for the respect of the impartiality of the missions of a United Nations agency	<p>ITU has requested external signage reflecting ITU's presence in the ANATEL building.</p> <p>In relation to identification of ITU's presence on the inside of the building, ITU is carrying out discussions with ANATEL representatives. This is being discussed in the context of the findings of the ITU resilience mission which was carried out from 10 to 12 May 2023</p> <p>Update as of May 2025: There is a visible ITU sign identifying the premises. In addition, in 2023, ITU Safety, Security and Resilience Division (SSRD) conducted a Security Audit Mission (SAM) and Business Continuity (BC) assessment of the Regional Office for the Americas. The recommendations of both reports are being implemented. The SAM report mentioned that "ITU RO is located at the 10th floor (out of ten). This floor is accessible using 4 elevators centrally located, plus a fifth one. From the 4 main elevators, the staff access to the office through a door equipped with an HID reader." The report also highlighted that for ITU to further achieve being more of a stand-alone territory in the ANATEL Building, this will be done through the Ubiquiti Installations (Access Control &amp; Camera Systems, including for the server rooms) which will be completed during a mission between 2-4 June 2025 (mission has already been arranged and authorized). This is the same security equipment that has already been installed in most of ITU office away from Geneva, and which</p>	Latest response is noted.	Open.

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		is monitored from HQ that not only identifies, but effectively ensure, that ITU premises stand as distinct entities. ITU recommends that this is in progress.		
R#2	that measures be taken to enable the regional office to have the effective power to manage its spaces and accesses in order to be able to know who has entered its spaces and had access to the office, even if staff or people delegated by	<p>An ITU resilience mission including a comprehensive security review of the Brazil office, was carried out from 10 to 12 May 2023.</p> <p>The recommendations of this mission will be adopted to address this recommendation, in coordination with ANATEL representatives and in conformity with the internal rules of the local government.</p> <p>Update as of May 2025: In 2023, ITU Safety, Security and Resilience Division (SSRD) conducted a Security Audit Mission (SAM) and Business Continuity (BC) assessment of the Regional Office for the Americas. From a security perspective, the SAM report mentioned that "ITU RO is located at the 10th floor (out of ten). This floor is accessible using 4 elevators centrally located, plus a fifth one. From the four main elevators, the staff access to the office through a door equipped with an HID reader." This system will be upgraded with the Ubiquiti Installations (Access Control &amp; Camera Systems, including for the server rooms) which will be completed during a mission between 2-4 June 2025 (mission has already been arranged and authorized). This is the same security equipment and system that has already been installed in most of ITU office away from Geneva, and which is supported and maintained from HQ.</p> <p>ITU recommends closing this recommendation.</p>	Latest response is noted, we will confirm the outcomes of the planned mission next year and expect to close the recommendation.	Open.
R#3	that the Host State agreement be revised, describing in detail the assets and facilities granted to ITU, with transparent description of the ITU rights and duties to control and preserve these assets as for instance, their maintenance and replacement costs.	Update as of May 2025: In line with the comment when the recommendation was issued, after consideration, we believe that a renegotiation of the HCA could prove disruptive, especially when weighted against the issues raised by the recommendation, given	Latest response is noted and considered reasonable. The recommendation is closed..	Closed.

		the cooperative working relationship between ITU and the Host Country. ITU recommends closing this recommendation.		
R#7	that the headquarters and the local office make an appropriate assessment of the risk of tampering and that ITU take appropriate measures to allow full control (including secure physical control) of its servers in the regional headquarters.	<p>This recommendation will be considered during a planned review of all regional and area office IS systems, which is being started in 2023 and will continue into 2024 depending on budget availability.</p> <p>Update as of May 2025: In 2023, ITU Safety, Security and Resilience Division (SSRD) conducted a Security Audit Mission (SAM) and Business Continuity (BC) assessment of the Regional Office for the Americas. The SAM report provided an assessment of the office premises. Pursuant to the SAM, the access control and monitoring system will be upgraded with the Ubiquiti Installations (Access Control &amp; Camera Systems, including for the server rooms) which will be completed during a mission between 2-4 June 2025 (mission has already been arranged and authorized). This is the same security equipment that has already been installed in most of ITU office away from Geneva, and which is monitored from HQ that not only identifies, but effectively ensure, that ITU premises are distinct entities. Stemming from its risk assessment, the Information Security Division will thereafter assess the Ubiquiti system in Brasilia in 2025 as part of their ongoing global Regional and Area Offices assessments of IT and other systems.</p> <p>ITU recommends closing this recommendation</p>	Latest response is noted, we will confirm the outcomes of the planned mission next year and expect to close the recommendation	Open.
R#8	that ITU Management enhance the monitoring of local agreements and contracts, assuring compliance with ITU procurement rules and general good practices.	<p>A comprehensive assessment of all local service contracts will be conducted by 30 September 2023, in accordance with ITU's procurement manual.</p> <p>Update as of December 2023: A comprehensive assessment of all local service contracts was conducted by 30 September 2023, in accordance with ITU's procurement manual. Assessment completed for HQ related service contracts. Ongoing for local</p>	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.

		service contracts for the Regional Offices. (Former Chief Procurement, Z. Cikir, email dated 13 December 23): ITU recommends closing this recommendation.		
R#9	PROC to start an effective monitoring of all local contracts, in particular on amounts negotiated and split in various agreements with the same suppliers.	Updated as of May 2025: ITU acknowledges the audit query regarding the monitoring of local contracts, specifically the risks related to amounts negotiated and split across multiple agreements with the same supplier. While there may be discrepancies in the current status assessment of this recommendation, ITU will strengthen its end-of-year review procedures. As part of the annual letter of representation process, Regional Directors will be systematically provided with relevant data to identify instances of multiple financing sources for a single supplier. This will enable them to assess associated risks and confirm that adequate controls are in place to mitigate potential issues related to contract splitting or duplicate engagements	Latest response is noted.	Open.
R#10	that any agreements that should be signed locally should have dual signatories, for instance, one from regional staff and one from HQ.	ITU considers the implementation to be in progress.  This recommendation is being considered carefully in accordance with implementation of recommendations of the PWC Regional Presence Review regarding delegation of authority. Decision on implementation for that process is by 31 December 2023.  Update as of May 2025: A DoA framework for operational matters under the purview of BDT has been developed and implemented. For agreements with financial implications, these are managed and approved with relevant HQ officials in accordance with applicable Financial Regulations and Rules and related services orders, and as needed for assistance on specific matters.  ITU considers the implementation to be in progress.	Latest response is noted.	Open.
R#11	(i) to involve, since the earliest stage of drafting a report in local language, the ITU legal department, (ii) to involve the UN office in the Member States in being helped in legal matters; for instance, we are aware that	This recommendation is being considered carefully in accordance with implementation of recommendations of the PWC Regional Presence Review regarding delegation of authority. Decision on implementation for that process is by 31 December 2023.	Latest response is noted.	Open.

	in Brasilia there is a UN office with a consistent staff, that we suppose it could be consulted for help by ITU	Update as of May 2025: A DoA framework for operational matters under the purview of BDT has been developed and implemented. Currently, for almost all contracts, including for small value items, the inputs/approval of relevant HQ services are being sought. ITU considers the implementation to be in progress.		
R#14	enhancing internal controls on teleworking, for instance using IT tools.	<p>In compliance to the personal data protection and privacy principles adopted by the UN High-Level Committee on Management (HLCM) at its 36th Meeting on 11 October 2018, ITU issued Service Order No. 20/10 Physical Access Control System (ACS) in ITU Headquarter Premises which stipulates that “the ACS is neither intended nor used for profiling or for monitoring the presence of individual staff, delegates or visitors”. While the SO has been issued for HQ operations, the principle is valid for all ITU staff, delegates or visitors globally.</p> <p>Regional Directors and Area Representatives are tasked with ensuring attendance of staff in office, in accordance with the automated teleworking register put in place for ITU.</p> <p>Update as of September 2024: Teleworking Arrangement of has been in place and supported by a dedicated an ERP (SAP) Teleworking Request App since 2023 that records and keeps an audit trail of each staff teleworking workdays. A reminder of this arrangement was published in January 2024 together with a detailed related FAQ document. The framework contours of managerial oversight of teleworking at HQ and Offices outside of Geneva rest notably on Service Order 20/10 on access control (mentioned in the comments), and subsequently introduced Service Order 23/14: ITU Data Protection and Privacy Policy (December 2023); and for alleged violation of the Arrangement, the Service Order No. 24/09: Adoption of the ITU Oversight Charter and Clarification for Intake and Preliminary Assessment of Misconduct Complaints (September 2024).</p> <p>ITU recommends closing this recommendation</p>	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.

R#17	implementation of a rotation policy, which provide for a specific regulatory framework related to regional presence, where P staff and Directors should rotate in short intervals, according to international good practices.	<p>This is being considered as part of the ITU transformation initiatives</p> <p>Update as of May 2025: This is a change maker project with HRMD as business owner with implementation expected in 2025. It is being dealt with the related recommendation 18, as well as Rec 14/2021 Fin. Statements relating to Service Order 20/14: Policy on mobility assignments.</p> <p>ITU considers the implementation to be in progress.</p>	Latest response is noted.	Open.
R#18	an effective staff rotation, in order to avoid: (i) potential conflict of interests in case consultants (under SSA) and P and D staff work in the same Region and/or Member state where they have their citizenship, or in case of previous relations with donors (familiar, former employment, etc.); (ii) that they might have a position in that geographical area that could influence the technical choice of one technology comparing to others; (iii) they might represent ITU in their home country.	<p>This is being considered as part of the ITU transformation initiatives</p> <p>Update as of May 2025: This recommendation and the previous recommendation 17 regarding rotation are being addressed together with related Rec 14/2021 Fin. Statements regarding Service Order 20/14: Policy on mobility assignments.</p> <p>ITU considers the implementation to be in progress.</p>	Latest response is noted.	Open.
R#19	updating the SAP system or finding a solution that allow to extract timely information per Purchase orders, in a way that Headquarter could start an effective monitoring of level of expenditures performed at regional level.	<p>The update of SAP is being implemented as part of the overall ITU transformation initiative.</p> <p>Update of a September 2024. FRMD has developed a live-SAP-fed dashboard on ITU expenditures, which also allow for the monitoring of purchase orders at ROs and AOs level. This dashboard was presented to CWC-FHR on 12 October 2023 (Webcast starting at 14:30). There are many other BI reports already available and further customized reports can be developed with the assistance of ISD, but this must be driven by the business units. In addition, in October 2023, ISD after having worked together with FRMD, implemented the SAP automated 3-Way Matching features.</p> <p>ITU recommends closing this recommendation.</p>	Latest response is noted. We have reported on the validation of project expenditures in this year's report and made an associated new recommendation.	Closed.



## Special Report: "Addressing a fraud case at ITU"

Serial:	Recommendation	Management's response	External Auditor's comments	
R#1	Management should set out in detail all the temporal and procedural steps needed to prevent any information leaks and to ensure a prompt response to cases of suspected fraud, so as to avoid the possible concealment of evidence, money laundering, undue payments to suspicious suppliers, etc.	<p>ITU takes note of Recommendation n.1, which has in the meantime been implemented by including these aspects in the promulgated ITU investigation guidelines.</p> <p>Update as of May 2025: Implemented through the promulgation of Service Order 19/10, ITU Investigation Guidelines. The Guidelines are currently being revised to align with the new Oversight Charter introduced by way of Service Order No. 24/09: Adoption of the ITU Oversight Charter and Clarification for Intake and Preliminary Assessment of Misconduct Complaints (September 2024).</p> <p>ITU recommended closing this recommendation.</p>	Closed by the Corte dei conti in their final report (Annex 5: S22-CL-C-0101!!!PDF-E.pdf).	Closed.
R#2	Management should adopt comprehensive and detailed procedures and/or checklists, that clearly state what steps are to be followed to bring the process forward and prohibit any contact with the suspected fraudster (such as telephone calls, emails), which could undermine the subsequent collection of evidence.	<p>ITU takes note of Recommendation n.2, which has in the meantime been implemented by including this aspect in the promulgated ITU investigation guidelines.</p> <p>Update as of June 2022: These aspects have already been included in the ITU Investigation Guidelines</p> <p>Update as of May 2025: Implemented through the promulgation of Service Order 19/10, ITU Investigation Guidelines. The Guidelines are currently being revised to aligned with the new Oversight Charter introduced by way of Service Order No. 24/09: Adoption of the ITU Oversight Charter and Clarification for Intake and Preliminary Assessment of Misconduct Complaints (September 2024). In terms of professional investigative capacity to properly handle evidence, in 2020, Council approved a P5 Head, Investigations position. The new Head joined ITU in January 2022. The new Oversight Charter also comprised an investigation function, and the Oversight Unit is headed by an experienced investigator.</p> <p>ITU recommended closing this recommendation.</p>	Closed by the Corte dei conti in their final report (Annex 5: S22-CL-C-0101!!!PDF-E.pdf).	Closed.

R#3	that the new procedures, in accordance with the ITU and UN legal framework, should also contain specific guidance indicating clearly to investigators, in the event of a confession or where there are sufficient elements to indicate a high probability of fraud, how to avoid further disbursements that might lead to significant financial losses for the Organization before the completion of the process	Update as of May 2025: Implemented through the promulgation of Service Order 19/10, ITU Investigation Guidelines. The Guidelines, which include measures such as the possible suspension of investigation subject, have been further revised to aligned with the new Oversight Charter introduced by way of Service Order No. 24/09: Adoption of the ITU Oversight Charter and Clarification for Intake and Preliminary Assessment of Misconduct Complaints (September 2024). The revision of the Guidelines provides for additional interim measures such as staff reassignments. ITU recommends closing this recommendation.	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
R#4	in the framework of the new anti-fraud procedures, consideration be given to the need for better communication and coordination between all the Departments that could take action towards minimizing reputational risk and fraud damage and preventing further financial losses to the Organization	ITU Management agrees with Recommendation n.4. Communication and coordination between the services involved in an investigation process will be integrated in the temporal and procedural framework when revising the ITU investigation guidelines.  Update as of May 2025: Through the work of ManCom and MCG meetings, risks are identified along with communications and coordination issues are addressed to minimizing the reputational risk and fraud damage.  ITU recommends that this is in progress.	Latest response is noted and aligned to our observations that improvements are needed in the control framework, once matured there is a need to better integrate the three lines of defence, aligned to a fraud risk assessment. .	Open.
R#5	Management should also consider involving external independent Telecommunication experts who, in line with Recommendations n. 1 and 2 of our Special Report on the measurement of the performance of Regional Offices, could provide assistance in: i. defining specific and measurable Objectives for BDT HQ and ROs; ii. establishing key effective controls and robust KPIs covering the entire range of activities carried out locally, from technical assistance to financial management, duty travel and non-staff recruitment.	Update as of May 2025: Council 2019 issued Decisions 613 and 616, mandating the Secretary General to retain the services of external experts, to conduct of an engagement regarding ITU regional presence and a forensic audit of ITU. The two engagements were entrusted to PwC, which issued its reports in 2020 and 2021, respectively. The PwC engagement, as demonstrated in Document C20/74-E, did provide extensive specific and measurable Objectives for BDT HQ and ROs as well as suggest a series of key effective controls and robust KPIs for RO activities. A comprehensive process of implementation of	Latest response is noted and that management consider the actions to still be in progress. reasonable. The recommendation is closed.	Open

		<p>PwC's regional presence review was undertaken and is tracked in the Regional Presence Dashboard.</p> <p>ITU recommends that this is in progress.</p>		
R#6	<p>Management should enhance the level of internal controls in Regional and Area Offices, in order to prevent other cases of fraud similar to the one detected, and ensure prompt implementation to the outstanding recommendations made by us and by the Internal Auditor</p>	<p>ITU takes note of recommendation n. 6 and will endeavour to ensure prompt implementation of the outstanding audit recommendations. In addition, the Secretariat will also ensure that the outcome of the regional presence study (as per Res 25. Rev) to be completed by Council 2020 includes a comprehensive risk assessment and enhanced controls framework.</p> <p>Update as of June 2022: The Internal Controls implemented apply to all of BDT, including the Regional Offices. BDT will ensure that the Regional Directors are aware of and comply with all requirements that are applicable at a regional or area office level.</p> <p>Update as of May 2025: The Working Group on Internal Control that was established in 2019, spearheaded the development of a Compliance Tracker and Dashboard to group, manage, and track the implementation of all oversight recommendations.</p> <p>ITU recommends closing this recommendation.</p>	<p>Latest response is noted. As highlighted in Part 4 of this report, while the compliance dashboard exists, ITU still need to establish a systematic process for follow-up of all open recommendations. This recommendation has been superseded and closed.</p>	Closed.
R#7	<p>(i) starting an internal risk assessment on the likelihood of similar fraud cases at regional level, especially with regard to Procurement, Duty travel, Cash Management and HR, including the relationship between Regional Offices and HQ and, in parallel, (ii) increasing the level and effectiveness of internal sanctions, as also requested by International Standards</p>	<p>Updated as of May 2025: The 2025 Oversight Unit plan provided for the conduct of a Corporate Fraud Risk assessment by external experts (The previous such assessment was conducted in 2017). In between these third-line engagements, we are also considering regular functionally focused second-line fraud risk assessments (e.g. procurement). Internal disciplinary proceedings and sanctions are conducted and imposed in accordance with Staff Regulations and Rules, and in conformance with the applicable case law of the International Labour Organization Administrative Tribunal.</p>	<p>Latest response is noted. In our 2023 Report (R1), we recommended that ITU should perform a systematic assessment of its exposure to fraud risks. We have closed this recommendation based on our superseded recommendation.</p>	Closed.

		ITU recommends closing this recommendation..		
R#8	introducing specific provisions in the upcoming anti-fraud investigation procedure that would also include the seizure of all the working documents of the staff member involved in the fraud and prevent him/her from having access to ITU's premises.	<p>ITU takes note of recommendation n.8, which has in the meantime been implemented by including these aspects in the promulgated investigation guidelines.</p> <p>Update as of May 2025: Implemented through the promulgation of Service Order 19/10, ITU Investigation Guidelines. The Guidelines are currently being revised to aligned with the new Oversight Charter introduced by way of Service Order No. 24/09: Adoption of the ITU Oversight Charter and Clarification for Intake and Preliminary Assessment of Misconduct Complaints (September 2024). The new Oversight Charter also comprised an investigation function, and the Oversight Unit is headed by an experienced investigator (D1 position) who is responsible for ensuring proper seizure of evidence and chain of custody, and coordinate, for instance, with the ITU physical and information security colleagues to assist in restricting access and safeguarding documents and electronic data.</p> <p>ITU recommended closing this recommendation.</p>	<p>Closed by the Corte dei conti in their final report (Annex 5: S22-CL-C-0101!!PDF-E.pdf).</p> <p>We note changes are being made to guidelines and we will review changes and their effectiveness in due course once they have been brought into effect.</p>	Closed.
R#9	Management to investigate further whether other expenditure was unduly paid	<p>Updated as of May 2025: The forensic audit conducted by PwC pursuant to Council Decision 613 included various forensic tests relating to "suspicious transactions" (explicitly stated in their terms of references) detailed in their report. In addition, as requested by the then External Auditor, ITU conducted a quantification exercise, and the outcome was reported to the Secretary General in March 2022.</p> <p>ITU recommends closing the recommendation,</p>	We note management's response and that actions were taken following the observations of our predecessors.	Closed
R#10	Management further investigate, without delay, the reasons why hierarchical controls have been so ineffective in detecting a fraud that was perpetrated along several years. In particular, Management should assess to what extent the official's superiors' behaviour was appropriate in terms of the standards of	Update as of May 2025: In January 2020, an external investigator retained by ITU conducted an investigation that focused inter alia on (1) any systemic or individual shortcomings; and/or (2) any possible dereliction of management responsibilities in the oversight and supervision of the Bangkok Office's activities in connection with the fraud case. Regarding controls weaknesses, this was a	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.

	diligence and managerial skills that can be expected from officials in their position and investigate if other people are involved in fraudulent practices	<p>key focus of the PwC forensic audit. The case has been formally referred to the Thai legal authorities, who are responsible for, investigating the criminal liability of the former local staff member and initiating prosecution or recovery actions, where applicable.</p> <p>Furthermore, ITU is monitoring continuing internal audit follow-up to ensure the effectiveness of control enhancements and will be applying the lessons learned to broader field operations and using this case to inform risk-based planning under ITU's internal oversight and audit mechanisms.</p> <p>ITU recommends closing this recommendation</p>		
R#11	Management urgently consider the option of tasking a specialised "expert in investigation", independent of ITU Management, to carry out a more in-depth analysis. It might be appropriate, for instance, to contact the UN Office of Internal Oversight Services (OIOS) in order to understand whether they can be directly involved or help ITU find the most suitable investigator.	<p>Update as of May 2025: In January 2020, ITU retained the services of an external investigator to conduct an investigation. The in-depth forensic audit conducted by PwC also comprised □ as per their terms of references □ an investigative component ("If cases of fraud are detected, individual investigation report by case should be drafted").</p> <p>ITU's new oversight framework covers these issues. We continue to explore possibilities with OIOS to supplement capacity; however, ITU considers these matters to be addressed by the new framework.</p> <p>Implemented</p>	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.
R#12	that, in its revision of the anti-fraud policy, Management should consider the possibility of establishing immediate contact with the Member State and/or donor concerned, in order to minimize financial losses and create a deterrent towards further risks of fraud in the future.	<p>ITU takes note of recommendation n.12. As of 1 April 2019, all newly signed and cooperation agreements and project documents contain a clause specifying that Parties shall consult with each other in respect of any matter that may arise from or in connection with fraudulent and corrupt practices and conflicts of interest with respect to the project. This would allow for immediate contact with the Member State and/or donor provided that the confidentiality and due process of the matter and individuals are respected.</p> <p>Update as of May 2025: In line with the member states' suggestions and oversight bodies' recommendations at the time, as well as recognized best practices, new clauses were added to</p>	Closed by the Corte dei conti in their final report (Annex 5: S22-CL-C-0101!!PDF-E.pdf).	Closed.

		project agreements relating to fraudulent activities, and cooperation agreements provided for donors/member states assistance in that regard.” ITU recommended closing this recommendation.		
R#13	adopting a consistent policy on the use of internal experts, at least within the same Region, with ex-post assessment of the work performed internally.	Update as of May 2025: Control measures have been introduced such as an SOP on SSA payments – designed to ensure the timely closure of contracts – which include a certification by managers that outputs have been achieved. HRMD/SAS, since August 2024, has required all hiring managers to certify the delivery of all outputs listed in the TOR prior to making full and final payment. Starting January 2025, certifications need to be uploaded to SAP. Additionally, the existing SSA policy is being reviewed and will be issued in Q2 2025. In addition to workflow improvement for SSA management, the revised SSA policy will include a revised SSA remuneration scale and will notably provide clearer guidelines on the use and limitations of consultancy contracts (e.g. only one contract per individual with ITU at a time). Once the policy review is completed, a transformation of all relevant systems and processes will be undertaken. ITU recommends closure of the recommendation,	Latest response is noted and considered reasonable, noting some final actions are being taken to update policies, the recommendation is closed.	Closed.
R#14	introducing a preliminary screening of the Roster of experts, with a reduced number of key people, and periodic reappraisals. Consideration should also be given to the assessment of the quality of the work performed, which in no case should be tasked to the same people involved in the selection process.	Updated as of May 2025: The “cleaning” exercise of the existing roster mentioned in the initial comment was completed, including the various academic and references checks, and BDT has also streamlined and improved its hiring process for SSA with greater conflict of interest controls. In terms of performance appraisal, additional control strengthening was introduced in 2024, with all hiring managers having to certify the delivery of all outputs listed in the TOR prior to making full and final payment. Starting January 2025, certifications will need to be uploaded to SAP. Contemporaneously, a new SSA Guideline on Conflicts of Interest, applicable to all SSA holders, was developed to facilitate the mandatory declaration and monitoring of actual or potential	Latest response is noted and considered reasonable. The recommendation is closed.	Closed.

		<p>conflicts. The mandatory declaration is done online, with copies automatically sent to the Ethics Office and HRMD.</p> <p>ITU recommends closing this recommendation.</p>		
R#15	<p>a periodic rotation of Project Managers. In order to prevent conflicts of interest, ITU might also consider not allowing Project Managers to have the same nationality as the beneficiary country (which may be the one where they used to work before joining ITU).</p>	<p>Update as of May 2025: Implemented in 2020, by way of Service Order 20/14, which introduced a framework to address short-term mobility assignments. Further improvements are being considered to address subsequent recommendations from the External Auditors issued in 2021 and 2022, i.e. Rec. 14/2021 (FS), and Recs. 17-18/2022 (Special Rep. Reg. Office Americas). As part of the transformation initiative, a more comprehensive mobility framework is being considered. This will determine whether or not we can fully implement this recommendation. ITU will monitor and seek to address the concern regarding professional staff working in their country of nationality (home country) at the recruitment level.</p> <p>ITU recommends closure of the recommendation.</p>	<p>Latest response is noted. Given the associated recommendations highlighted on mobility remain open, this recommendation is closed.</p>	Closed.
R#16	<p>redesigning the role of Regional Directors as supervisors of the implementation of projects and initiatives and as managers of financial resources at the local level.</p>	<p>Update as of May 2025: At the beginning of her mandate, in line with the adjacent initial comment, the Secretary-General ensured that the job descriptions of regional directors were reviewed to improve management oversight and accountabilities, and internal controls.</p> <p>The role of the Regional Directors in relation to project management was also clarified through the adoption of the Project Manual at the BDT level.</p> <p>More specifically, the job descriptions of the Regional Directors of the ASP and AFR regions were reviewed and consequently included the text, "Direct the conceptualization, development and implementation of projects to support the regional programme of work and the regional initiatives; ensure all projects are well formulated, define roles and responsibilities, and have clear deliverables and timeline; and engage with governments, donor</p>	<p>Latest response is noted. In Part one and two of this report, we have made associated observations and recommendations on delegation and project control. On this basis, this recommendation is superseded and closed.</p>	Closed

		institutions, regional and international organizations, and the private sector to collaborate and support these projects". ITU recommends closing this recommendation.		
Special Report: "strengthening the regional presence".				
R#1	Management prepare a specific internal document, where the objective of "strengthening the regional presence" set by PP Res. 25 is clearly translated into measurable objectives for field offices, associated with accurate and consistent KPIs.	Updated as of May 2025: This continues to be an ongoing challenge because of the need to implement at the Strategic Plan (SP) level. The current SP will come to an end in 2027, and the work on the SP 2028-2031 is being tailored to improve results-based management and cascading of objectives through the ITU's regional presence.  Previously reported to Council 2020 (C20/74-E), this recommendation is "On-going", (reported alongside the comment: "To be considered in the context of the Result-Based approach to programme planning that was introduced in September 2019". ITU considers the recommendation to be in progress	Latest response is noted. The issues highlighted here are consistent with our observations this year as set out in Part 3 of this report.	Open.
R#2	explicitly linking, in cascade connection, the objectives of the Action Plans and Operational Plans with the concrete objectives resulting from PP Res. 25, with a view to reporting to Council accordingly.	Updated as of May 2025: This continues to be an ongoing challenge because of the need to implement at the Strategic Plan (SP) level. The current SP will come to an end in 2027, and the work on the SP 2028-2031 is being tailored to improve results-based management and cascading of objectives through the ITU's regional presence.  Previously reported to Council 2020 (C20/74-E), this recommendation is "On-going", (reported alongside the comment: "To be considered in the context of the Result-Based approach to programme planning that was introduced in September 2019". ITU considers this recommendation to be in progress	Latest response is noted. The issues highlighted here are consistent with our observations this year as set out in Part 3 of this report.	Open.
R#3	exploring opportunities to enhance the coordination regarding regional presence among Sectors.	AS above, ITU considers this recommendation to be in progress.	Latest response is noted. The issues highlighted here are consistent with our observations this year as set out in Part 3 of this report.	Open.



R#4	Management should prepare a comprehensive flow chart, so as to make the functions, roles and activities of ROs understandable to all staff. At the same time, the regional staff should have a view of the objectives, sub-objectives and related KPIs associated with this flow chart, with a view to monitoring the implementation of the regional presence and mitigating the associated risks in a consistent way.	Updated as of May 2025: The issue identified (ensuring that all ITU staff understand the role of the regional presence) will be carefully assessed in the context of the new Strategic Plan 2028-2031. Rec 4/2018 is thematically linked to PwC recommendation 3.2 Set-up the enhanced delivery model / 3.2.1 Facilitate the transition of D-Staff at regional level / 3.2.2 Consolidate global coordination through Regional Desks.  ITU considers the implementation to be in progress.	Latest response is noted.	Open.
R#5	that an external and independent mid-term and/or ex-post assessment of the effective and efficient achievement of the objectives decided at the WTDC level be conducted, in order to bring added value to the process. Similarly, a comprehensive mid-term and/or ex-post evaluation might be envisaged on whether the objective of "strengthening the regional presence" has been achieved in accordance with PP Res. 25.	Update as of May 2025: Since the issuance of PwC report on regional presence in 2020 (C20/74-E), reports regarding the Strengthening of Regional Presence (e.g. C22/25-E) in line with Resolution 25, have been submitted to Council, with details of the PwC report, and follow-up actions. In addition. During its 2021 session, Council adopted the recommendation of the CWG-FHR on ITU Regional Presence that the Secretariat produce a Dashboard on the status of the workplan, which is accessible by the ITU membership. The dashboard is accessible through the regional presence page of the Council of the ITU website: <a href="https://www.itu.int/en/council/ties/Pages/regional-presence-dashboard.aspx">https://www.itu.int/en/council/ties/Pages/regional-presence-dashboard.aspx</a>  ITU recommends closing the recommendation.	Latest response is noted. As noted in part two of this report, the evaluation function within the Oversight Unit is not yet resourced and there remains no systematic evaluation of ITU's effectiveness. However, the specifics of the recommendation have been met, and we consider the recommendation closed.	Closed
R#6	that guidance should be provided as to how to set priorities on the basis of objective criteria. These criteria should also be consistent in all the ROs across the world, while taking into account the intrinsic differences between regions	Updated as of May 2025: This continues to be an ongoing challenge because of the need to implement at the Strategic Plan (SP) level. The current SP will come to an end in 2027, and the work on the SP 2028-2031 is being tailored to improve results-based management and cascading of objectives through the ITU's regional presence.  ITU considers the implementation to be in progress	Latest response is noted. The issues highlighted here are consistent with our observations this year as set out in Part 3 of this report.	Open.
R#7	that ITU should strengthen its role in the evaluation of projects with a view to: 1) preventing reputational risks regarding non-functioning projects; 2) having a	ITU has taken note of Recommendation n. 7. ITU will continue to explore possibilities with counterparts to allocate specific funds in every project to cover the evaluation of such projects.	Latest response is noted. As noted in Part 2 of this year's report, the evaluation function has not been	Open.

	comprehensive picture of the impact of its work and, 3) identifying any possible corrective action relating to the implementation of projects. This involves urging its counterparts to allocate specific funds in every project to cover its evaluation. For minor projects, if performing an evaluation is considered not to be cost-effective, Management should nevertheless carry out a limited analysis of the project's performance.	<p>Update as of October 2020: As reported in S20-CL-C-0074!!PDF-E.pdf (Document C20/74-E of 5 October 2020), status is ongoing. We note that this recommendation requires 2 actions: stronger monitoring of projects during the course of their implementation and impact monitoring post-delivery.</p> <p>Update as of May 2025: ITU Internal Oversight Charter created an evaluation function, P4 Evaluator is under recruitment process (Already advertised Under selection) The work of the Evaluation function involves a) Designing, preparing and carrying out programmatic and thematic evaluations on cross-cutting themes. b) Acting as Evaluation manager for external evaluations to be carried out on specific projects/programmes as requested by donors, cooperating entities, etc. It includes, but is not limited to, supporting Project/programme managers to improve evaluability by properly using Theories of change, and developing the Terms of reference for external evaluators. c) Making recommendations on preventive or corrective measures derived from the OU's evaluation findings. d) Following up the implementation of evaluation recommendations that were made by the OU to managers. e) Developing and reviewing normative evaluation methodologies that improve the quality and pertinence of the evaluation function within ITU. f) Providing guidance, technical support and training to ITU personnel involved in monitoring and evaluation activities throughout the Organization. g) Assessing whether projects, programmes, plans, and objectives are achieved and contribute to sustainable results; and h) Promoting of a culture of evidence-based decision-making, and as a result, strengthened monitoring and evaluation systems and practices. In addition, the Project Manual adopted at the BDT level clarified the roles and responsibilities involved in the project evaluation process.</p> <p>ITU considers this recommendation to be in progress.</p>	resourced. This recommendation remains open.	
R#8	that there should be a comprehensive risk analysis and that this tool should be linked to the Objectives	Update as of May 2025: Now all projects at BDT level have a dedicated risk assessment tool (PRJ).	Latest response is noted. In our view, the response does not address the	Open.

	laid down in PP Res. 25. This should be shared among HQ and ROs	ITU recommends this remains open	recommendation and as highlighted in Part 2 of this report, risk management remains ineffective and we have recommended reviewing the effectiveness of the existing risk management arrangements.	
R#9	IAU should follow up on their recommendations and only consider them as "closed" where there is adequate evidence.	<p>Recommendation n. 9 is duly noted and IAU recommendations will not be closed unless the respective managers have provided adequate evidence, also taking into account the cost efficiency and priorities when the residual risk of partial non-implementation of IAU recommendations is very low.</p> <p>Update as of May 2025: Internal Audit is following up on recommendations periodically, in accordance with global IIA standards and best practices. It is planned to conduct external quality assurance for IA during 2025.</p> <p>ITU recommended closing this recommendation.</p>	<p>Closed by the Corte dei conti in their final report (Annex 3: S22-CL-C-0101!!PDF-E.pdf).</p> <p>ITU should reflect on the recent exercise and how it engages with the dashboard and reports these results through the IMAC.</p>	Closed.
R#10	increasing efforts to obtain an HCA to protect the ITU's role and interests.	<p>Update as of May 2025: The ITU Area Office of Santiago de Chile is now hosted on the premises of a UN agency, and we rely on existing arrangements with the government. Efforts have been made to conclude the HCA.</p> <p>ITU considers the implementation to be in progress..</p>	Latest response is noted.	Open.
R#11	preparing a document summarizing all the delegations of authority, be they internal (who must sign what) or external (authorization for signature, such as bank movements and internet banking with the respective lines of responsibility).	ITU has taken note of Recommendation n. 11. As far as the bank movements are concerned this document already exists and is updated each time there is a staff movement. The coordination with the banks is also done to make sure they follow the instructions given by the HQ. Internal coordination will take place for creating a summary document for the delegation of authority.	<p>Not reported as outstanding by the Corte dei conti in their final report (Annex 3: S22-CL-C-0101!!PDF-E.pdf).</p> <p>We agree the recommendation is closed; other recommendations will</p>	Closed.

		Update as of May 2025: Service Order No. 22/18: New Accountability Model and Framework lays down the principles, rules, policies, procedures and practices governing the new accountability framework at the International Telecommunication Union as described in the attached ITU Accountability Framework. IA plan to audit the AF during 2025. ITU is currently developing a comprehensive Delegation of Authority framework ITU recommended closing this recommendation.	track the implementation of delegations of authority.	
R#12	<p>a) adopting a standardised report form to record any exceptions, with the signature of the senior official who has approved the exception. An exception register might also be created for effective monitoring by HQ (this might also be extended to areas other than petty cash management).</p> <p>b) that the Regional Director should receive monthly reports on petty cash expenditure from all the AOs (at the moment, AOs only send their reports directly to HQ), so as to have an opportunity to perform recurrent desk reviews, sign them off and then forward these reports to HQ. Following the same logic, unannounced checks through desk reviews might also be performed by HQ on the RO where the Director is resident (please see our recommendation on Banking operations). Furthermore, we recommend that a specific procedure and template should be adopted at HQ and be followed by all the RO Directors.</p> <p>c) that there should be a template for every purchase request indicating the "initiating Agent", as well as the person who authorizes the specific purchase, such as the RD and/or the AO Manager</p>	<p>Update as of May 2025: There is now a monthly report for cash and bank for all ROs and AOs, controlled by the RD and FRMD. Furthermore, FRMD adopted new SOP for prudent petty cash use. Additionally, as reported to Council 2020 (C20/75-E), as assessed together with Rec. 14/2017, this recommendation was deemed by PwC as "implemented with reference to the "Working Group on Internal Controls confirmed that ITU Guidelines on use of Representational Allowance and use of petty cash are enforced (as of 4 Feb. 2020)."</p> <p>ITU recommends closing this recommendation.</p>	<p>Latest response is noted and considered reasonable. The recommendation is closed. While the specific recommendation related to petty cash, as set out in Part one of this report, visibility of transactions to regional office personnel was lacking and we have made an associated new recommendation.</p>	Closed.
R#13	that a strict procedure should be implemented for all the ROs, whereby the third signature for bank operations should be provided by the RD, even where	ITU has taken note of Recommendation n. 13. However, ITU wishes to outline the difficulties for implementing this recommendation due to staff constraints and availability of RD.	Not reported as outstanding by the Corte dei conti in their final report	Closed.

	the operation is carried out at Area Office level. The RD can thus be held responsible for all the transactions. with banks. In our view, a revision of the procedure with UNDP is also necessary in order to avoid the personal accounts of staff members being involved in any ITU operations	<p>Requesting a third signature for all the bank transactions will certainly slow down the process and have a negative impact on efficiency of field offices.</p> <p>Update as of May 2025: Regional Offices only have access to quite small amounts of money, which are regulated through petty cash rules. The cost and effort to implement this recommendation would be disproportionate to the level of risk. ITU will reconsider its policy regarding local payments.</p> <p>ITU recommended closing this recommendation.</p>	<p>(Annex 3: S22-CL-C-0101!!PDF-E.pdf).</p> <p>We are content this remains closed, noting management's update.</p>	
R#14	that Management should enhance the level of accuracy of the Asset register, in particular in relation to asset management and items that are disposed of after being written off.	<p>Updated as of May 2025: As reported to Council 2020 (C20/74-E), "A new software was introduced in 2019, and new inventory scanners were delivered to regional offices. A guide was developed to facilitate the process, and pending issues were addressed" and PwC deemed this recommendation implemented.</p> <p>ITU recommends closing the recommendation</p>	<p>Latest response is noted and considered reasonable.</p>	Closed.
R#15	since the Basic Rules are obsolete, ITU should adopt a new Procurement Manual covering both the regular budget and the extra-budgetary funds.	<p>ITU agrees with Recommendation n. 15 and confirms that the forthcoming Procurement Manual will, in principle, also be applicable to procurement of goods and services from extra-budgetary funds.</p> <p>Update as of May 2025: Rec. 15 was tracked in the Compliance Dashboard through Rec 18/2021 (Fin. Statements), which "recommend[s] that Management take urgent action to implement the open recommendations by the IA and EA relating to regional activities, with particular regard to Procurement." Given that this recommendation, in effect, recommends the implementation other recommendations issued by the External Auditor, Rec. 18/2018 was sub-divided to accommodate these other recommendations.</p> <p>Accordingly, Rec 15/2018 (Special Rep. Reg. Presence) was tracked in the Compliance Dashboard under Rec. 18/2018-5 (Fin. Statements) and deemed implemented and "resolved". As reported to Council 2020 (C20/75-E), it was deemed by PwC as</p>	<p>Not reported as outstanding by the Corte dei conti in their final report (Annex 3: S22-CL-C-0101!!PDF-E.pdf).</p> <p>We are content this remains closed, noting management's update.</p>	Closed.

		<p>“implemented through the new procurement manual”, issued in 2022, via Service Order 22/13.</p> <p>ITU recommended closing this recommendation.</p>		
R#16	<p>in the case of Funds-in-Trust, clear and objective criteria to select the proposals should be established and the results should be communicated to bidders in a transparent way.</p>	<p>ITU agrees that clear and objective criteria shall be established for all procurement exercises regardless of funding source and that all procurement cases shall follow the procedures of the forthcoming Procurement Manual. The Manual outlines that the recommendation to award a contract shall be based on the clear and objective evaluation criteria as well as evaluation methodology, which shall be established prior to the issuance of the bid. This will mean that the recipient Government will not be able to recommend which vendor should be awarded. All awards above a CHF 50,000 threshold, shall be made public, and vendors are invited to request for a debriefing in regards to the assessment of their proposal. However, ITU does not agree to communicate its reasons for awarding a contract to a particular vendor, nor to allow vendors to have a right of recourse against the final decision of ITU.</p> <p>Update June 2022: The new procurement manual has now been published and used as reference by all ITU.</p> <p>Update as of May 2025: Rec. 16 was tracked in the Compliance Dashboard through Rec 18/2021 (Fin. Statements), which “recommend[s] that Management take urgent action to implement the open recommendations by the IA and EA relating to regional activities, with particular regard to Procurement.” Given that this recommendation, in effect, recommends the implementation other recommendations issued by the External Auditor, Rec. 18/2018 was sub-divided to accommodate these other recommendations.</p> <p>Accordingly, Rec 16/2018 (Special Rep. Reg. Presence) was tracked in the Compliance Dashboard under Rec. 18/2018-6 (Fin. Statements) and deemed implemented and resolved. As reported to Council 2020 (C20/75-E), it was deemed by PwC as</p>	<p>Closed by the Corte dei conti in their final report (Annex 3: S22-CL-C-0101!!PDF-E.pdf).</p> <p>We are content this remains closed, noting management's update.</p>	Closed.

		<p>"implemented through the new procurement manual", issued in 2022, via Service Order 22/13.</p> <p>ITU recommended closing this recommendation.</p>		
R#17	<p>the Evaluation Group should be set up by the Procurement Division, in accordance with the Project Management Guidelines, chapter 4.2.2, point c), which states that the whole process for the procurement of goods and services is the responsibility of the Procurement Division.</p>	<p>The response to this recommendation is covered by the response to Recommendation n. 18 below.</p> <p>Update as of May 2025: Rec 17/2018 (Special Rep. Reg. Presence) was tracked in the Compliance Dashboard under Rec. 18/2018-7 (Fin. Statements) and deemed implemented and "resolved". As reported to Council 2020 (C20/75-E), it was deemed by PwC as "implemented through the new procurement manual", issued in 2022, via Service Order 22/13, with reference to the "Evaluation Group" and related process being the "responsibility of the Procurement Division".</p> <p>ITU recommended closing this recommendation.</p>	<p>Not reported as outstanding by the Corte dei conti in their final report (Annex 3: S22-CL-C-0101!!PDF-E.pdf).</p> <p>We are content this remains closed, noting management's update.</p>	Closed.
R#18	<p>that the Project Manager should not be appointed as a member of the Evaluation Group and that the Procurement Division should be the Coordinator of the Evaluation Group rather than the Project Manager.</p>	<p>ITU will further study partly Recommendations n. 17 and n. 18 since all offers need to be technically evaluated. The project manager is responsible for all technical aspects of the project and so he/she is the best person to technically evaluate the offers, along with other professionals that he/she proposes to participate.</p> <p>Because most projects are implemented in the field under a project manager who knows the reality on the ground, the latter should be present with the evaluation team in HQ when decisions are made about the items to be procured.</p> <p>The establishment of evaluation panels will follow the procedures set out in the forthcoming Procurement Manual. The technical evaluation will be carried out by the Technical Evaluation Panel (TEP). The Requesting Unit is responsible for appointing the members of the panel and this shall be established prior to the issuance of the tender. At least one member shall be a staff member from inside the Requesting Department, and at least one member shall be from outside the Requesting Department. The following shall guide the establishment of the panel. The panel</p>	<p>Not reported as outstanding by the Corte dei conti in their final report (Annex 3: S22-CL-C-0101!!PDF-E.pdf).</p> <p>We are content this remains closed, noting management's update.</p>	Closed.

		<p>shall consist of a group of minimum of three ITU staff members with interdivisional representation: i) Consultants or external experts designated by the Requesting Unit, or representatives of the beneficiary may sit on the panel, but will not have decision making power, ii) non-ITU staff members may not outnumber ITU staff members on the Panel, iii) a representative from the Procurement Division may guide and advice the Panel on its work, iv) TEP members shall sign a form declaring the absence of conflict of interest. The commercial evaluation shall be carried out by a staff member of the Procurement Division. A technically competent expert may be requested to support the commercial evaluation, if technical expertise is required. The expert may be external to the Union when in-house expertise is not available.</p> <p>Update as of May 2025: Rec 18/2018 (Special Rep. Reg. Presence) was tracked in the Compliance Dashboard under Rec. 18/2018-7[bis] (Fin. Statements) and deemed implemented and "resolved". As reported to Council 2020 (C20/75-E), it was deemed by PwC as "implemented through the new procurement manual", issued in 2022, via Service Order 22/13, with a comment referencing the Procurement Division being the "Coordinator of the Evaluation Group rather than the Project Manager."</p> <p>ITU recommended closing this recommendation.</p>		
R#19	that a specific and detailed Declaration of absence of conflict of interest (DACI) should be provided duly signed by all the people involved in the procurement process.	<p>ITU agrees that some key staff involved in the procurement process shall sign a DACI.</p> <p>Update as of May 2025: Rec 19/2018 (Special Rep. Reg. Presence) was tracked in the Compliance Dashboard under Rec. 18/2018-8 (Fin. Statements) and deemed implemented and "resolved". As reported to Council 2020 (C20/75-E), it was deemed by PwC as "implemented through the new procurement manual", issued in 2022, via Service Order 22/13.</p> <p>ITU recommended closing this recommendation.</p>	<p>Not reported as outstanding by the Corte dei conti in their final report (Annex 3: S22-CL-C-0101!!PDF-E.pdf).</p> <p>We are content this remains closed, noting management's update.</p>	Closed.



R#20	amending the Project Management Guidelines in order to better explain the role of the Procurement Division and make reference to the rules and procedures applicable to procurement.	<p>ITU agrees with Recommendation n. 20. ITU has already started initial discussion on linking the Project Management Guidelines with the procurement rules and procedures.</p> <p>Update as of May 2025: Rec 20/2018 (Special Rep. Reg. Presence) was tracked in the Compliance Dashboard under Rec. 18/2018-9 (Fin. Statements) and deemed implemented and “resolved”. As reported to Council 2020 (C20/75-E), it was deemed by PwC as “implemented through the new procurement manual”, issued in 2022, via Service Order 22/13. As reported in S20-CL-C-0074!!PDF-E.pdf (Document C20/74-E of 5 October 2020), status was ongoing. A full review of the project management guidelines was initiated in 2019. A first batch of trainings were conducted during November 2019 with the certification of 39 staff members. ITU recommended closing this recommendation.</p>	<p>Not reported as outstanding by the Corte dei conti in their final report (Annex 3: S22-CL-C-0101!!PDF-E.pdf).</p> <p>We are content this remains closed, noting management's update.</p>	Closed.
R#21	organizing regular training for all staff involved in the procurement process in the Regional Offices and Area Offices.	<p>ITU agrees with Recommendation n. 21. Following the promulgation of the forthcoming Procurement Manual, training shall be offered to staff involved in the procurement process in the Regional Offices and Area Offices.</p> <p>Update as of May 2025: Rec 21/2018 (Special Rep. Reg. Presence) was tracked in the Compliance Dashboard under Rec. 18/2018-12 (Fin. Statements) and deemed implemented and “resolved”. As reported in (Document C20/74-E of 5 October 2020), re. PwC regional presence engagement, the status was “Ongoing”, with reference to “Training was provided to the Project Managers in BDT in November 2019. Training at regional level has not been done yet - this is planned for 2020”. ITU recommended closing this recommendation.</p>	<p>Not reported as outstanding by the Corte dei conti in their final report (Annex 3: S22-CL-C-0101!!PDF-E.pdf).</p> <p>We are content this remains closed, noting management's update.</p>	Closed.
R#22	that HQ's Management should draft a standardised procedure and templates to monitor the various ROs' activities in relation to office management, taking into account the different needs of each geographical area.	<p>Update as of May 2025: Many procedures are in place to monitor key issues such as bank accounts, petty cash, and office management. ITU management considers that these controls are adequate to address potential risks considering the scale of operation.</p>	<p>Latest response is noted. As set out in parts one and two of this report, weaknesses continue to exist in the regional office arrangements, and we have made associated new</p>	Closed.

	ITU confirms the recommendation remains open. Recommend closure.	recommendations. We have superseded this recommendation.
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