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| **Agenda item: ADM 2** | **Document C25/44-E** |
| **19 May 2025** |
| **Original: English** |
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| Report by the Secretary-General | |
| REPORT FROM THE OVERSIGHT UNIT'S INTERNAL AUDIT FUNCTION | |
| **Purpose**  This report covers the internal audit activities for the period from April 2024 to March 2025.  **Action required by the Council**  The Council is invited to **take note** of the Report.  **Relevant link(s) with the Strategic Plan**  Excellence in human resources and organizational innovation.  **Financial implications**  Within the allocated budget 2024-2025.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **References**  [*ITU Financial Regulations and Financial Rules (2022), Article 29*](https://www.itu.int/en/council/Pages/Financial-Regulations.aspx) | |

# Introduction

1. This report is transmitted to the ITU Council and conforms with Article 29 of the ITU Financial Regulations and Financial Rules (2022). In accordance with the ITU Internal Oversight charter,[[1]](#footnote-2) this report is submitted to the Secretary-General and presented to the Council for consideration. The current report covers activities for the period from April 2024 to March 2025.
2. Following the Council 2023 session, the Oversight Unit was created by Secretary-General’s administrative Decision effective 1 September 2023. The Oversight Unit comprises three functions: internal audit, investigations, and evaluation. For the reporting period, the Oversight Unit (OU) comprised five staff positions in the Professional and higher category: the Chief of Oversight (D1), a Senior Internal Auditor (P5), an Investigator/Auditor (P4), an Internal Auditor (P3), and another Internal Auditor (P2). The audit work is conducted by the P5, P3 and P2 under the overall supervision of the Chief of Oversight.
3. OU confirms that it conducts its audits in accordance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics established by the Institute of Internal Auditors (IIA),[[2]](#footnote-3) as well as with the provisions of the ITU Internal Oversight Charter. In addition, OU confirms that, for the reporting period, its staff had no managerial authority over, nor responsibility for, any of the activities audited and did not perform accounting or operational functions within ITU.

# Orientation and scope of internal audit activities

1. In line with the Internal Oversight Charter, the 2024 annual audit plan was reviewed by the Independent Management Advisory Committee (IMAC) at its 37th meeting and was approved by the Secretary-General on 11 January 2024.
2. OU systematically shares copies of internal audit reports with the ITU External Auditor and with IMAC. In accordance with § 5 of Article 29 of the Financial Regulations and Financial Rules (2022), final internal audit reports can be made available to Member States or their designated representatives. A facilitated mechanism for accessing internal audit reports has been in place since October 2015. During the reporting period, no requests for accessing internal audit reports were received via the [online mechanism](https://www.itu.int/en/council/Pages/form-internal-audit.aspx).

# Objectives and conclusions of the assurance engagements

1. The objectives of the assurance engagements are to assess: (i) governance aspects of the Union’s operations audited; (ii) risk-management practices; and (iii) effectiveness of (internal) controls. The priority of the recommendations resulting from the audit work is categorized according to the impact and likelihood of the deficiency (high, medium, low).
2. The implementation of recommended actions is followed up on by OU as and when required. Since early 2021, a compliance dashboard is available Union-wide for that purpose. The dashboard facilitates the tracking of the implementation of recommendations for the managers concerned yet does not relieve OU’s responsibility to follow up on its recommendations, as per IIA Global Internal Audit Standard 15.2.[[3]](#footnote-4) A separate information document ([C25/INF/1](https://www.itu.int/md/S25-CL-INF-0001/en)) is submitted to the 2025 session of the Council to reflect the follow-up on internal audit recommendations and on forensic audit recommendations.

*The following assurance engagements were conducted and finalized:*

***Grant Management Module assessment***

1. OU conducted, with the support of an external service provider, an assessment of the applicability of the SAP/Grant Management Module (GMM). The objectives were to analyse the current SAP-ERP configuration and integration in relation to grant management (Extrabudgetary projects and programmes), assess the degree of efficiency, reliability and effectiveness of the current methods used in relation to grant management (Extra-budgetary funds) and assess the added value related to the implementation of an SAP Grant Management Module (Grantee Management (GM-GTE)).
2. The assessment found that the link between SAP and the GMM, as currently designed, is sufficient to meet the needs for extrabudgetary reporting. However, the system’s capability has not been clearly communicated and training not provided to the users which has resulted in unnecessary additional processing. This issue found is a process and not a system issue. It was also found that the current grant management processes are not documented, with no defined data governance or ownership structure.
3. The final audit report was shared and discussed with the concerned officials of the General Secretariat. It includes six recommendations to address the issues found relevant to the grant management processes and the report was issued to the Secretary-General on 8 January 2025. Management generally agreed with the proposed audit recommendations.

***Regional Office for the Arab region***

1. OU completed an audit of the Regional Office for the Arab region. OU reviewed 12 topical areas during the audit, a visual presentation of the conclusions per topical area as follows:



*1 Not assessed according to the COSO components but at a general level.*



1. The *overall audit opinion* concludes reasonably to largely adequate governance, control and monitoring activities, whilst information and communication is at times only partially adequate.
2. The final audit report was issued at the end of March 2025. This version was superseded by a report issued on 15 May 2025. The report included 13 recommendations (one “high”, 9 “medium” and 3 “low” priority) and formal management comments. Management agreed with the proposed audit recommendations.

# Additional assignments

***ASHI valuation***

1. OU completed an assurance assignment in respect of the key elements of data, which were provided to ITU’s actuary (AON) for the After-Service Health Insurance (ASHI) valuation. The assignment was first requested during the audit of the 2022 ITU financial statements, at the initiative of the ITU’s External Auditor, by the Chief, Financial Resources Management Department, with the concurrence of ITU’s Secretary-General.
2. In May 2023 OU issued an Assurance Assignment Report and a Management Letter to convey to ITU management (i) control deficiencies and (ii) associated recommendations to allow ITU Management to have the needed assurance in respect of the controls for future year-end audits by the ITU External Auditor. In line with the earlier approach, in February 2025 OU provided again the necessary assurance on the key elements of data used for the ASHI validation.

# Follow-up on internal audit recommendations

1. Throughout the reporting period, OU continued to follow up on recommendations made in previous audit reports. OU also regularly discussed these follow-up outcomes at its meeting with IMAC. As mentioned above, a separate information document has been submitted to the 2025 session of the Council to reflect the follow-up on internal audit recommendations and on forensic-audit actions. Further progress was noted on the implementation of internal audit recommendations as of 31 January 2025, as shown below:



\*All recommendations issued prior to 2017 have been closed and are included in the “Total” (“Closed” line item).

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1. Service Order 24/09, promulgated by the SG on 10 September 2024 [↑](#footnote-ref-2)
2. Institute of Internal Auditors, [www.theiia.org](http://www.theiia.org) [↑](#footnote-ref-3)
3. The IIA’s GIAS 15.2 Confirming the implementation of recommendations or action plans [↑](#footnote-ref-4)