

Summary Report of the 12th meeting

Present: Dr. Beate Degen (Chair), Mr. Abdessalam El Harouchy, Mr. Graham Miller, Mr. Thomas Repasch
Absent: Mr. Eric Adda

1. Introduction

1.1 The twelfth IMAC meeting was held from 20 to 21 October 2015. As well as discussing specific topics with the relevant ITU officers, the Committee met with the Deputy Secretary-General. In this report the terms IMAC and Committee are used interchangeably.

2. External Audit

Video conference with Corte dei Conti, the external auditors

2.1 Corte dei Conti informed IMAC that special attention would be given to ITU publications and extra budgetary procurement. IMAC invited audit attention to Regional Offices and for External Audit to look at all Internal Audit reports, considering the full picture of overall findings, not just individual audits. The external audit work plan for 2015 would be submitted to the Corte dei Conti chamber in November 2015 and will be shared as soon as endorsed.

2.2 The external auditors stated that the first draft of their 2015 report will be produced by the end of April/beginning of May 2016 and will be finalized by the end of May 2016 after the contradictory (clearance) meeting with ITU Management.

2.3 The external auditors briefed the Committee on their participation at ITU Telecom in Budapest, 12-15 October 2015, noting that in the event mainly Asian and African countries were represented at the Exhibition, no European Countries, nor North American countries.

2.4 It was noted that JIU had not contacted the External Auditor regarding JIU's review of the management of the ITU.

2.5 IMAC noted that the external auditors had not seen the document discussed at the last CWG-FHR meeting, 7-9 October 2015 on the follow-up of the recommendations of the External Auditor (CWG-FHR 5/7).

Follow-up of the external auditor's recommendations

2.6 IMAC was briefed by the Financial Resources Management Department (FRMD) on the follow-up of the recommendations made previously by the external auditors. IMAC advised FRMD to associate the External Auditor with the CWG-FHR document on the follow-up of the External auditor recommendations. It was agreed that in future the related CWG-FHR document will be shared with the external auditors.

3. Council 2015 outcome – Timeframe for IMAC recommendations

- 3.1 The ITU Legal Advisor was invited to participate in the discussion. He briefed IMAC on the Council 2015 discussions pointing out that Council noted that responses to some IMAC recommendations were not completed or were outstanding. As reflected in document C15/126, further to the proposal from Japan, the Council had instructed IMAC to set a deadline, if possible and where appropriate, in consultation with the Secretariat on each IMAC recommendation for implementation. This action should be applied to all previous recommendations retroactively.
- 3.2 IMAC acknowledged and noted the Council decision, and welcomed the interest shown by Member States on the timely implementation of IMAC recommendations but had reservations about the appropriateness and practicality of such measures.
- 3.3 The ITU Legal Advisor provided some advice and upon that, IMAC decided that, while it will not be practicable to apply retroactively deadlines to past IMAC recommendations, the Committee, in the future, will consider incorporating advice on timelines. IMAC emphasized nevertheless that it is mainly the responsibility of the ITU Management to carry forward action on recommendations, and to advise the Council and IMAC on the implementation in the way that Council has requested. IMAC will consider providing information about the criticality or priority of its recommendations.

4. Financial management

- 4.1 IMAC discussed with the Chief of the Financial Resources Management Department the schedule and scope of the external audit of 2016. ITU Management remains committed to providing the Financial Statements to the External Auditor by 15 March 2016.
- 4.2 IMAC was briefed on the status of the implementation of the 2015 budget at 30 September 2015, and the forecast for the end of the year. The total revenue forecast for 2015 was CHF 3.9 million lower than budgeted. The difference mainly comes from assessed contributions. Sales of publications and Satellite Network Filings revenue should reach the budget forecast by the end of the year. On the expenses side, every effort is made by the ITU management to make savings and contain total expenses. Union expenses are forecasted at CHF 4 million below the 2015 budget. Expenses should therefore remain within the expected revenue at the end of the year.
- 4.3 IMAC noted that Member contributions are decreasing, and cost recovery revenue is increasing every year.
- 4.4 IMAC noted the negative interest rate policy applied by Swiss banks above CHF 10 Million which requires alert monitoring effort by ITU.

5. Internal audit

- 5.1 IMAC reviewed the internal audit report on progress since the previous IMAC meeting. The internal auditor reported that the selection process for the P2 post had just come to its end.
- 5.2 The Internal Audit Plan 2016 was not yet finalized at the time of the 12th IMAC meeting and it was agreed that the Head of Internal Audit will share it with IMAC electronically as soon as possible. IMAC requested that in future a column be added showing the actuals of the resources vs planning in the work plan.
- 5.3 IMAC noted that the implementation rate of internal audit recommendations has continuously improved, with 24% of the 2015 internal audit recommendations already closed and 76% being in progress. Concerning internal audit recommendations made in the period 2008 to 2015, 65%

are closed, 32% are in progress and 3% (among which no critical recommendations) are delayed. IMAC commended this implementation status and encourages ITU management to continue to improve the timely implementation of internal audit recommendations, noting that 53% of internal audit recommendations remain in progress.

5.4 IMAC also reviewed the most recent internal audit reports. The internal auditor considers that the internal audit provides reasonable assurance that effective control exists for the classification process and classification risks are being managed, but governance aspects of the classification process need improvement. Internal Audit concludes that savings were generated by reduction of grades of vacant posts in 2012-2014, as indicated in PP-14 Decision 5, Annex 2, Point 5.

5.5 IMAC noted that the internal auditor's work on Treasury and Investments Process took consideration of the risk related to the implementation by the Swiss National Bank of a negative interest which might have an impact on ITU Swiss Francs liquidities. Internal Audit identified areas for improvement and risks associated with the Treasury and Investment processes to reinforce specifically Treasury processes to increase assurance to the Secretary-General.

6. Monitoring and Evaluation

6.1 The committee received a briefing on the on-going discussions related to the implementation of corporate monitoring and evaluation mechanisms.

6.2 Internal Audit would follow-up on the action plan for the establishment of an evaluation function through the development of an Evaluation Policy and Work Plan for the function, the assessment of the requirements of work and the resources required, and the elaboration of a proposal of further steps for the establishment of the evaluation function.

6.3 IMAC welcomes the interest of ITU to develop an Evaluation function, which IMAC has been discussing. However, the Committee is concerned that the development as planned will consume and divert resources from the internal audit function. If Internal Audit were to take over this activity, specific resources should be dedicated to this new Evaluation work.

6.4 The development of an evaluation function will need tight resource management with appropriate timelines and structured project planning, as well as specialist resources/expertise.

7. Risk management

7.1 IMAC commended the progress made on the implementation of systematic risk management in ITU. The approach taken, establishing and maintaining a list of key risks, identifying risk owners responsible for the implementation of mitigation measures, and ensuring regular top management review as part of the process of monitoring implementation of the ITU Operational Plans, which responds to the IMAC Recommendation 4 (2015).

7.2 IMAC discussed the benefit of implementing projects with a risk management approach and suggested the Corporate Strategy Division think about risk management at project level.

8. JIU review on the Management of ITU

8.1 IMAC received a visit from the JIU Inspectors undertaking the review of the Management of the ITU. An overview of the progress was presented by the Inspectors. Questionnaires had been distributed and JIU noted the positive response obtained, the Deputy Secretary General being the focal point. The responses of the staff survey were impressive, indicating interest in the subject. JIU noted that the responses of Member States to survey had been low.

8.2 IMAC noted that JIU's objective is to encourage a collegial approach to address issues and to help the organization with the actual structure. IMAC is encouraging the Member States to be engaged on governance and management issues.

8.3 IMAC commended the significant work accomplished on the Strategic Planning and Operational Planning processes integrating risk management. The Committee noted that this cannot yet be assessed because it is too early with the process under further development.

9. Options for the Union's HQ premises over the long term

9.1 IMAC had invited the Chairman of the Council Working Group on Options for the Union's HQ Premises (CWG-HQ) to attend the meeting for this item. He provided a briefing on the discussions held during the 2nd CWG-HQ meeting on 28 September 2015.

9.2 It was noted that it would be useful if IMAC could be enrolled in the review of the proposals and make a recommendation on the most cost effective option.

10. International Numbering Resources

10.1 Further to its request, IMAC received a briefing on the status of the generation of revenues from International Numbering Resources, so as to have a better understanding on this issue.

11. Exit meeting with the Deputy Secretary-General

11.1 The Chairman thanked the Deputy Secretary-General (DSG) for meeting with the Committee and assured him that IMAC stood ready at all times to provide expert advice to improve the management of the Union.

11.2 The Deputy Secretary-General stressed that his efforts are geared towards making the organization more efficient and encouraging the use of technology.

11.3 The Chairman briefed the DSG on the IMAC meeting and invited the Deputy Secretary-General to comment on matters which the Committee had discussed.

11.4 The DSG welcomed that in future the CWG-FHR document on the follow-up of the External Auditor recommendations be coordinated with the External Auditor. With regard to the Council decision on timeframe for IMAC recommendations, he noted the Committee's difficulty to apply retroactively deadlines to past recommendations. He appreciated IMAC support to the Monitoring and Evaluation project and took on board the concerns raised by the Committee concerning the capacity of Internal Audit to implement an Evaluation function within its limited resources, which would compromise the audit work. He expressed his support to reach a decision on the ITU HQ Premises at Council 2016.

12. Next meeting

12.1 The Committee agreed to meet on 24-25 February 2016.