



## **Summary Report of the 24<sup>th</sup> meeting**

Present: Dr. Beate Degen (Chair), Mr. Abdessalam El Harouchy, Mr. Graham Miller, Mr. Kamlesh Vikamsey

Absent: Ms. Sarah Hammer

### **1. Introduction**

- 1.1. The twenty-fourth IMAC meeting was held from 28 to 30 October 2019.
- 1.2. In this summary report the terms IMAC and Committee are used interchangeably.

### **2. Feedback from the ITU Council Session in June 2019**

- 2.1. The Chair of IMAC who participated at the session of Council in June 2019, briefed the members of the Committee on her presentation and the discussion around the topics raised by IMAC's 8<sup>th</sup> Annual Report ([C19/22](#)).
- 2.2. The IMAC Report to Council drew attention to major weaknesses in ITU's systems of internal control and management oversight, which allowed the very classic type of fraudulent activities to be perpetrated in a regional office and to go on for as long as they did, and which pose major reputational and financial risks to the organization.
- 2.3. These deficiencies, confirmed by the external auditors' comprehensive report, also resulted in a qualified audit opinion. The Chair explained the meaning of the qualified audit opinion and its serious implications for ITU.
- 2.4. The Council noted that the nature and magnitude of these deficiencies and required urgent remedial action. In addition to the measures that need to be taken internally, Council decided that a forensic audit, and a review of the regional offices, has to be carried out by external experts. Budget has been provided.

### **3. Review of Status of IMAC Recommendations**

- 3.1. IMAC reviewed the overall status of implementation of IMAC Recommendations. Up to now, 83% of the IMAC recommendations have been implemented, while 10 recommendations (17%) remain in progress with the secretariat. IMAC will report on progress in detail in its Annual Report.

### **4. Financial Management**

- 4.1. IMAC discussed the current financial issues with the Financial Resources Management Department.

### **5. Fraud in a Regional Office**

- 5.1. IMAC received and discussed the draft Request for Proposals (RFP) prepared by the Secretariat to cover the Forensic Audit required by Council. IMAC shared its comments with management.

**5.2.** IMAC expressed their concern over the importance and urgency of this matter, and the need for speed; as well as the need to engage appropriate technical expertise. In IMAC's view the forensic audit might need to include, for example:

- Forensic data analytics and e-discovery;
- Forensic and integrity services;
- Investigative analysis.

**5.3.** IMAC recommended that ITU should obtain external professional advice to validate the RFP for the forensic audit, in relation to scope, methodology, timeline and other aspects, prior to issuing it. This should all be taken forward rapidly, in the way that ITU has achieved a fast start for the project to review the Regional Offices, which is now underway. IMAC recommends that the forensic audit needs to be completed without delay, reflecting the importance and urgency of the matter.

## **6. External Audit**

**6.1.** IMAC met with the representatives of the External Auditors, both in a session with members of the ITU secretariat and in a closed session.

**6.2.** IMAC informed the External Auditor about Council Decision 613, and the Secretariat's draft Request for Proposal for forensic audit services.

**6.3.** IMAC requested the Internal Auditor to copy the draft Request for Proposal to External Audit for their information.

**6.4.** It will be important for the External Auditor to be kept informed by the secretariat of the progress and findings of the forensic audit, since it might impact their audit opinion.

## **7. Appointment of the External Auditor**

**7.1.** IMAC noted that, although the term of the present External Auditor has been extended by 2 years, it is important that the restarted process for tendering for a new External Auditor should be progressed and concluded without delay.

## **8. Internal Audit**

**8.1.** IMAC received a briefing from the Internal Auditor on developments since the Committee's previous meeting. This included Internal Audit staffing, follow-up monitoring of Internal Audit recommendations and progress on the renewed External Auditor appointment process. IMAC also discussed and provided comments on the draft Request for Proposal for forensic audit services.

**8.2.** IMAC is of the opinion that there are still too many recommendations, classified by Internal Audit as critical and high risk, that remain outstanding after a number of years. IMAC recommends that management should take more effective steps to ensure that Internal Audit recommendations are implemented expeditiously.

## **9. ITU HQ construction project**

**9.1.** IMAC received a briefing from the Senior Construction Project Advisor on progress and developments in the ITU's HQ premises construction project. IMAC noted that there had been changes in design due to budget constraints; and IMAC discussed in detail the governance structure for the project.

**9.2.** In order to ensure that independent professional advice from the experienced external consultant is provided to the Project Owner, Sponsor, Steering Committee, MSAG and the New Building Management Board (i.e. at project oversight level), the presence of the Engagement Partner in meetings should be formalized. Given the considerations which arise when project changes are made- and in order to

ensure that decisions are made transparently and can be validated, a formalized engagement between the external consultant and the project oversight is perceived as beneficial.

**9.3.** IMAC will continue to monitor progress and provide advice on an ongoing basis.

## **10. Strategic Planning & Risk Management**

**10.1.** IMAC discussed developments in ITU risk management arrangements with the Head of Strategy and Planning Division. IMAC noted the use of the Maturity Model for Risk Management in the UN System, which was being applied to ITU's circumstances to establish the way forward, and develop a coherent plan to strengthen risk management tools, processes and systems.

**10.2.** IMAC encourages the ITU secretariat to continue the development of this process to better engage and integrate risk management within the business processes. This should be applied throughout the organization, both in HQ and Regional Offices; and should be actively engaged with by all levels of management.

## **11. Telecom Review project**

**11.1.** IMAC received a briefing from the consultants undertaking the Telecom Review project (Dalberg). The consultants reported on their initial analysis and IMAC will continue to seek an exchange of information on the strategic and financial assessments as the work progresses.

## **12. JIU Review of Audit and Oversight Committees**

**12.1.** IMAC noted that the Joint Inspection Unit had produced a report (JIU/Rep/2019/6) on its Review of Audit and Oversight Committees in the UN System. Oversight functions are an important part of the governance mechanisms of UN System organizations; and audit and oversight committees have a critical role to play as independent expert advisory bodies that provide objective advice and recommendations on various aspects of organizations' governance, risk management and internal control processes. The JIU Report includes seven (7) Recommendations primarily for the governing bodies of the organizations in order to ensure that the arrangements for audit and oversight committees reflect good practice. IMAC will analyze the applicability and usefulness of the JIU Recommendations to ITU's circumstances. In due course, IMAC will advise the Council on any areas where JIU's recommendations should be implemented in relation to ITU and IMAC in order to improve the existing oversight arrangements.

## **13. Membership of IMAC**

**13.1.** The 24<sup>th</sup> meeting of IMAC has been the final meeting attended by three (3) members of the Committee who were initially appointed from 2012 when IMAC was established. The outgoing members, Dr. Degen, Mr. Miller and Mr. El Harouchy, wish to express gratitude and appreciation to the Council for being able to serve on the Committee and contribute to the ITU; and to the Secretary-General and the hard working staff of the Secretariat for their cooperation and good will in facilitating the work of IMAC. Without that cooperation and good will, the work of the Committee would be more difficult and its effectiveness reduced.

**13.2.** The Committee's secretary, Mr. Vaggelis Igglesis, has been crucial for the successful work of the Committee. The Committee expresses its deep appreciation for his relentless support, tactful handling of various situations and his substantial knowledge in risk management and strategic matters.

**13.3.** With the departure of Dr. Degen, current Chair of IMAC, the Committee agreed that Mr. Kamlesh Vikamsey would act as interim Chair of the Committee from the 1<sup>st</sup> of January 2020 until the next meeting of IMAC, at which point the members of the Committee appointed by the 2019 Session of Council, will elect a Chairperson for the Committee, according to the IMAC Terms of Reference.

**14. Next meeting of the IMAC / Briefing of new members**

- 14.1.** The Committee agreed to meet next on 3-5 February 2020. The new members joining the Committee will receive a briefing from the Secretariat to familiarize them with the ITU.
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