Independent Management Advisory Committee
IMAC

GENEVA – 3 to 4 July 2014

Summary Report of the 8th meeting

Present: Eric Adda, Beate Degen (Chair), Abdessalem El Harouchy, Graham Miller, Thomas Repasch

1.   Introduction

1.1   The eighth IMAC meeting was held from 3 to 4 July 2014. 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   Council 2014

2.1   IMAC expressed satisfaction with the positive response to its report and the support to its recommendations shown by the Council's standing Committee on Administration and Management. The Committee noted, however, that the Council had ultimately decided simply to "take note" of the IMAC report and its recommendations, bearing in mind that the Council in 2013 had approved the IMAC report and the recommendations contained therein.

2.2   In that regard, IMAC sought to clarify the process whereby the recommendation by the Committee on Administration and Management that the Council approve the IMAC report and its recommendations — clearly stated by the Chairman of the Committee on Administration and Management in concluding consideration of the topic — was not eventually reflected in the Chairman of the Committee on Administration and Management's report to the plenary meeting of the Council. In an attempt to understand the status of IMAC recommendations that were simply noted rather than being approved by the Council, the Committee invited the secretary of the Committee on Administration and Management and the ITU Legal Adviser to provide explanation.

2.3   IMAC welcomed the Council's decision to approve the publication of the IMAC report, on a temporary and exceptional basis until PP-14 decides on a general policy for access to ITU information and documents. IMAC had already recommended full transparency as a matter of good governance.

2.4   IMAC further noted that the Council had approved Decision 563 (modified 2014), including in the terms of reference of the Council Working Group on Financial and Human Resources the task of annually reviewing the status of implementation of IMAC recommendations.

2.5   With regard to the revision of Resolution 162 in terms of continuing or not continuing IMAC, the Legal Adviser explained that PP-14 could discuss the matter if a proposal in this respect is submitted by a Member State provided that such a proposal is supported by at least one other Member State. However, even in the absence of such a proposal, PP-14 would anyway have to

review all earlier resolutions and their respective implementation (including Resolution 162) and decide whether to revise or abrogate them. In this context, the issue of the continuation of IMAC could also be discussed.

3   Follow-up of IMAC recommendations

3.1   IMAC reviewed the implementation status of its recommendations, as shown in the following table.

Rec No	Description	Implementation Status
Rec.1 (2014)	IMAC recommends that the Internal Auditor make further efforts towards providing more comprehensive annual reporting to the Council in future years.	To be further discussed with the internal auditor
Rec.2 (2014)	IMAC recommends that the Secretary-General consider whether internal audit findings, taken as a whole, indicate a need for more rigorous management oversight of field activities.	Yet to be confirmed
Rec.3 (2014)	IMAC recommends that ITU take advantage of the CWF-FHR review of access to ITU documents to seek ways of making internal audit reports more easily available to Member States and other stakeholders.	Ongoing
Rec.4 (2014)	IMAC recommends that ITU appoint an ethics officer as a matter of key priority.	Action awaited
Rec.5 (2014)	IMAC recommends that the Secretary-General obtain evidenced assurance on the effectiveness of the internal control framework by requiring senior managers to certify that they have discharged their responsibilities for internal control for the year.	to be confirmed
Rec.6 (2014)	IMAC recommends that the development of systematic risk management arrangements be further pursued and applied to the operational level as a continuous part of the business process, with a risk register, risk owners and regular top management review.	Ongoing
Rec.7 (2014)	IMAC recommends that ITU should consider whether it is appropriate to develop a comprehensive business case, with costed options, to support its decision on such a major long-term expenditure.	Action awaited
Rec.8 (2014)	IMAC commends the progress made on strategic planning and recommends that development be continued in this direction.	In progress
Rec.9 (2014)	IMAC recommends that, in pursuit of the principles of transparency and good governance, all documents relating to the Committee should be publicly available. Having regard to CWG-FHR's review of document accessibility, IMAC urges that the Committee's approach be applied by ITU to document accessibility at all possible levels.	Outstanding

4   Financial management

4.1   IMAC reviewed the Financial Operating report for 2013 and discussed the financial results with the chief of the Financial Resources Management department.

4.2   Based upon the current schedule for the 2015 Council, the chief of the Financial Resources Management department expressed concern about the organization's ability to produce the financial statements in time for the external auditors to complete their work and produce a report and audit opinion in time for the Council session in that year.

4.3   The Committee was informed that ITU had achieved a budgetary surplus for the financial year 2013, from which CHF 2 million had been allocated to the After-Service Health Insurance (ASHI) fund, CHF 2 million to the Collective Medical Insurance Plan (CMIP) and CHF 1.5 million to the voluntary contributions fund.

4.4   IMAC emphasized the need to build up a fund to deal with ASHI liabilities, and expressed the hope that the new medical insurance arrangements — with reduced benefits and an involuntary excess linked to income — would decrease costs.

5   Internal audit

5.1   IMAC reviewed the internal audit report on progress since the previous IMAC meeting, welcoming the broader scope and increased effectiveness of current activities. The Committee encouraged the internal auditor to continue his good work along these lines.

5.2   IMAC noted that in May 2014, for the first time, the internal auditor had presented the internal audit annual report to the Council and engaged with Members States in discussing the internal audit findings.

5.3   IMAC noted that the implementation rate of internal audit recommendations has significantly improved, with 100% of the 2014 internal audit recommendations already being in progress. Concerning internal audit recommendations made in the period 2008 to 2013, 64% are closed, 28% are in progress and 7% (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. IMAC recognizes that the Internal Audit effectiveness has increased since 2013 (for example, with the timely submission and approval of the 2014 audit plan, the updating of the internal audit charter to align it with international auditing standards, and the first annual internal audit report presented to the Council) and encourages ITU to maintain this momentum.

5.4   The internal auditor reported some delays in two of the audits in 2014, however he expected the annual audit plan to be completed within the year.

5.5   IMAC reviewed the most recent internal audit reports. The internal auditor considers that the internal audit provides reasonable assurance that risks are being managed and objectives are being met in regard to the travel request workflow. Although actions are being taken by management, it is too early for the internal auditor to provide assurance that risks are being adequately managed in regard to the leave request workflow and the procurement workflow.

5.6   IMAC noted that the internal auditor's work on "quality assurance of mechanism for ITU deliverables" deals with results-based management, and that the internal auditor's overall audit opinion proposes recommendations to "further enhance the efficiency and effectiveness of quality assurance mechanisms for ITU deliverables".

5.7   IMAC welcomed the fact that the external auditor had now carried out a review of internal audit, the results of which would be reported in the external audit report for 2013.This is in line with the previous external auditors practice and also with the standards of the profession.

5.8   IMAC further welcomed the internal auditor's initiative in hiring two independent external validators to carry out a quality assessment of the internal audit function during the current year.

5.9   Recognizing that lack of resources (as also mentioned by the previous external auditors) hampers the implementation of a comprehensive internal audit, IMAC recommended that the

Secretary-General consider strengthening the internal audit function so that an overall internal control environment could be assured.

6   Internal controls and risk management

Implementation of ITU Strategic Plan 2016-2019

6.1   The Committee was informed about progress made in planning to implement the ITU Strategic Plan 2016-2019, and was pleased to hear that advice provided by IMAC was useful in that respect.

6.2   IMAC commended the progress made and suggested involving the Human Resources Management department in the planning and execution of the proposed executive workshop to ensure that topics such as organization transformation, change and training are captured and addressed as early as possible by the Human Resources Management department.

6.3   IMAC noted the importance of — in due course — developing an evaluation capacity to support the effective implementation of the Strategic Plan.

6.4   IMAC was pleased to note the intention to link the implementation of the Strategic Plan with a structured operational risk management process, which still needs to be developed.

Effectiveness of ITU's internal control systems

6.5   Consistent with IMAC's responsibilities under its terms of reference, which gave IMAC the task of advising on the effectiveness of ITU's internal control system, the Committee discussed the potential for IMAC to comment on internal control and decided to revisit the matter more fully in future meetings. This on the basis of the last development of the integrated framework (C.O.S.O.).

6.6   IMAC recognized the risk that requiring evaluation reporting to measure progress towards targets might be perceived by ITU staff as imposing an additional administrative burden. IMAC therefore emphasized the importance of setting out a business case for change, in order to bring all partners in ITU's federal structure on board. IMAC recommends that ITU develop a business case with clear and measurable goals to help create acceptance of the overall initiative and its associated key performance indicators.

6.7   While recognizing that both the internal audit and the external audit have contributed to strengthening ITU's internal control system, IMAC nevertheless considers that more needs to be done to create an effective internal control environment. Senior managers should provide annual certifications relating to their own areas of responsibility, as previously recommended by IMAC, so that the Secretary-General could sign off on the Statement of Internal Control on the basis of written assurance that the correct steps have been taken.

7   External audit

7.1   IMAC was briefed on the follow-up of the recommendations made previously by the external auditors.

7.2   IMAC also discussed with the Financial Resources Management department the follow-up and progress of outstanding external audit recommendations, which would be covered in the external audit report for 2013.

7.3   Although IMAC had not yet been provided with the External Audit report at the time of its meeting, the external auditors discussed their findings during the meeting. IMAC agreed to

comment by correspondence on the external audit report when received, and submit a contribution to the special session of the Council to be held on 18 October 2014.

7.4   IMAC expressed a general concern regarding the Council's ability to review the final report of the external auditors in a timely manner. Looking ahead to 2015, the external auditors confirmed that they would be able to finalize their report in time for the Council session scheduled for mid-May provided that all ITU's financial statements were available by 31 March. Realistically, however, that deadline was unlikely to be met. In consequence, the report by the external auditors relating to the Union's finances in 2014 would not be reviewed by the Council until 2016. The Committee considered such a delay incompatible with sound financial management.

8   Exit meeting with the Deputy Secretary-General

8.1   The Chairman thanked the Deputy Secretary-General 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. She briefed the DS-G on the IMAC meeting and invited the Deputy Secretary-General to comment on matters which the Committee had discussed.

8.2   The Deputy Secretary-General regretted that the report of the external auditors had not been finalized in time to be discussed at the present meeting but welcomed the Committee's suggestion of presenting an addendum to its third annual report (Document C14/22) to the Council on 18 October 2014. He shared the Committee's concerns about the timing of Council meetings and the availability of audited accounts, observing that the Council set the dates of its meetings in full knowledge of those consequences. He assured the Committee that the ITU management took IMAC recommendations seriously, irrespective of whether they were approved or noted by the Council, although there might be difficulties in implementing some of them.

8.3   The Deputy Secretary-General emphasized that IMAC provided important guidance and constituted a useful tool for management.

9   Next meeting

9.1   The Committee agreed to meet on 1-2 December 2014.