International Labour Organization

GB.353*bis*/PV

Governing Body

353rd *bis* Session, Geneva, 14 June 2025

Minutes of the 353rd *bis* Session of the Governing Body of the International Labour Office

Programme, Financial and Administrative Section

1. The Programme, Financial and Administrative Section of the Governing Body met on 2 June 2025. It was chaired by Ambassador Yun (Republic of Korea), the Chairperson of the Governing Body. Mr Matthey and Mr Dimitrov were the Employer and Worker spokespersons, respectively.

Programme, Financial and Administrative Segment

1. Programme and Budget for 2024–25: Financial report and audited consolidated financial statements for the year ended 31 December 2024 (GB.353*bis*/PFA/1)

2. **A representative of the Director-General** (Treasurer and Financial Comptroller) made brief introductory comments on the financial statements for the year ended 31 December 2024. He confirmed that the Officers of the Board of the International Training Centre of the ILO in Turin (ITCILO) had met on 27 May 2025 and had adopted the Centre's financial statements for the year ended 31 December 2024.

3. The ILO's consolidated financial statements incorporated the full scope of the Organization's activities: those funded through the regular budget and those funded from extrabudgetary sources and controlled entities. The statements had been prepared in compliance with the International Public Sector Accounting Standards (IPSAS) on a full accrual basis and reflected the financial activity for 2024, in the 79th financial period (2024–25). The first section of the statements provided a financial report on the activities and challenges in the period, and a summary of the financial highlights and performance. In that regard, he was pleased to report that the level of assessed contributions remained consistent and that the overall financial position of the Office remained stable. The second section of the statements contained the Statement of Internal Control, which provided details on the level of assurance and measures taken on the Office’s internal control framework. With respect to the regular budget, Statement V-A reported on the financial performance of the Office against Member States’ assessed contributions. Statement V was prepared on a modified accrual basis, in line with the provisions of the Financial Regulations. Note 22 to the financial statements provided a reconciliation of the results presented under Statement II and Statement V.

4. The External Auditor’s long-form audit report was contained in section 6. The Office had engaged extensively with the External Auditor throughout the audit process. It had accepted the recommendations and was working on their implementation. The Office’s summarized responses to the Auditor’s recommendations were included in the body of the report. A more detailed follow-up for the consideration of the Governing Body would be produced in due course.

5. **A representative of the External Auditor** (Deputy Comptroller and Auditor General of India), presenting the Auditor’s report for the year ended 31 December 2024, noted that the report was the first to be submitted by the Auditor since his appointment for a four-year term beginning on 1 April 2024. The audit, which had been conducted in accordance with the terms of reference laid down in Chapter IX of the ILO’s Financial Regulations, had concluded that the financial statements presented a true and fair view of the ILO’s financial position as at 31 December 2024. Accordingly, the Auditor had issued an unqualified audit opinion.

6. The audit had focused on key areas of governance, which the Auditor had noted were supported by codified processes and dedicated platforms with inbuilt controls. The audit had revealed the added potential that the ILO could harness from the platforms. One of the areas reviewed had been asset management. Since 2023, assets had been managed through the Planon Workplace Services Portal (PLANON), under which each trackable asset was assigned a unique tag in the form of a barcode. However, existing assets had a second unique identifier, entered manually, with no correlation between the two numbers. There were also instances of assets without tags or with duplicate tags. The report recommended that new assets should have a single unique identifier generated through PLANON, that the planned integration of PLANON with the Integrated Resource Information System (IRIS) should be completed in a timely manner, that results of the physical verification of assets should be comprehensively updated in the PLANON database and that the ILO’s e-sourcing portal, Jaggaer, should be integrated with IRIS through a unique identifier.

7. A second area of focus had been risk management. The report noted that, once prepared, risk registers needed to progress beyond generic, templated responses and be updated in order to reflect the complexity and dynamic nature of the environment in which the ILO operated. Moreover, it recommended setting a maximum time interval for updating individual risk registers and the implementation of a mechanism to link specific risk mitigation actions to programme planning across individual ILO units and offices.

8. A third area reviewed had been the ILO Staff Health Insurance Fund (SHIF), which, in 2024, had received contributions of US$59.2 million and had paid benefits of $59.7 million. The audit had identified certain practices that were at variance with the SHIF Regulations. For example, the SHIF had processed delayed claims and had approved the payment of claims in excess of the monetary limit established in the Regulations. Furthermore, powers delegated to the SHIF by the SHIF Management Committee were not addressed in the Regulations. The report recommended that the Regulations should be updated to reflect those powers and the practices developed over the years pursuant to Management Committee decisions. It also recommended instituting a normative framework for the granting of advances under the SHIF, together with a process for the regular recovery of advances that was independent of the receipt of future claims.

9. A fourth area of focus had been the engagement of external collaborators. In a majority of the cases sampled in the audit, a direct selection methodology had been followed. Contracts had been processed without adequate documentation to explain how rates of engagement had been calculated. In addition, a large number of procurement contracts for goods and services had been awarded on the basis of waivers from competitive procurement processes, a situation that could have been avoided through better contract management practices.

10. The performance audit of the implementation of the Development Cooperation Strategy 2020–25 was intended to inform the ongoing preparation of the Strategy for 2026 onwards. The report noted that the ILO had not identified resource mobilization challenges at the regional or global levels or developed a mitigation strategy. The ILO's Multilateral Partnerships and Development Cooperation Department, which was responsible for steering projects, should be given a clear mandate to mitigate, manage and overcome such challenges. The report also highlighted a need for greater coordination between units involved in project appraisal, improved reporting tools in the Development Cooperation Management Support application and more robust evaluations of programmes and projects.

11. The performance audit of human resource management had revealed that, in the period from 2021 to 2024, the average time taken to fill vacancies in both the Professional category and the General Service category had exceeded 200 days, indicating a need for internal timelines for various interim stages of recruitment. The appointment of a full-time Ethics Officer in July 2022 had been a welcome development. However, investigations into cases of harassment exceeded prescribed timelines. The ILO should leverage tools such as the "ILO Respect" campaign to promote an ethical and respectful work environment, strengthen the redress mechanism available to workers and assess the impact of initiatives carried out under the action plan presented in 2019 to boost diversity in the workforce.

12. The audit of the field offices had identified areas for improvement in project management, including better monitoring of fund utilization, setting appropriate milestones and adopting an integrated project management approach.

13. In sum, 34 audit recommendations had been provided and agreed to.

14. **The Chairperson of the Independent Oversight Advisory Committee (IOAC)** reported on the IOAC's review of the Financial Report, the Statement of Internal Control, the financial statements for the year ended 31 December 2024 and the Report of the External Auditor. The Committee had reviewed with management an early draft of the financial statements for the year ended 31 December 2024 and was satisfied with the statements and the corresponding notes. It drew attention to the portion of the voluntary contributions receivable from the Government of the United States of America that had been formally terminated and to the $21.28 million in outstanding commitments related to grants funded by the Government of the United States.

15. The IOAC had reviewed the Financial Report and the Statement of Internal Control, both of which had been prepared by management in line with best practice in the international public sector, and commended management for its due diligence in preparing the Statement. The Committee drew attention to two new areas that had been covered in the Statement, namely follow-up on focus areas and the implementation of initiatives as a result of the 2024 staff survey, and the improvement of the Development Cooperation Strategy and the further strengthening of accountability and capacity for the implementation of development cooperation projects. It also drew attention to the matters identified as needing continued monitoring or further work and expressed satisfaction with the open discussion on those matters. The Office had again achieved an unqualified audit opinion on the consolidated financial statements for the year ended 31 December 2024 and the external audit plan had been fully executed.

16. The specific issues addressed with the external auditors had included the assurance that the major changes in assumptions used in the preparation of key estimates such as the After Service Health Insurance (ASHI) valuation were appropriate and consistent with other United Nations (UN) entities. The Committee would monitor progress being made in the areas identified as needing improvement in the compliance audit, and it would follow up on management's commitments to improve the Development Cooperation Strategy and human resource management. The Committee would provide timely information on the progress made in finding a replacement for one of its members who had recently tendered his resignation.

17. The IOAC recommended that the Governing Body forward the audited consolidated financial statements for the year ended 31 December 2024 and the External Auditor's report to the International Labour Conference for consideration and adoption.

18. **The Employer spokesperson** thanked everybody for their work and expressed his support for the draft decision.

19. **The Worker spokesperson** welcomed the External Auditor's report. He took note of the consolidated financial statements for the year ended 31 December 2024 and the External Auditor's unmodified audit opinion thereon. Total revenue in 2024 had been the highest for over a decade, and the fact that total revenue had increased faster than expenditure was a good sign for the Organization. He also welcomed the surplus of more than $37 million and the $46.47 million increase in voluntary contributions compared to 2023. He thanked donors for their continued commitment to the ILO's mandate and project delivery, but expressed concern at the uncertainty arising from the suspension of foreign development assistance by the President of the United States and its impact on future funding.

20. While some of the audit recommendations could lead to greater efficiency and financial gains, many were contingent upon increased human resources and capacity. Given the current situation, the recommendations should be considered as part of the discussions on the document entitled "The ILO in a changing multilateral environment: Towards better effectiveness and efficiency" (GB.354/INS/5) at the 354th Session of the Governing Body.

21. With regard to the recommendations concerning the financial and compliance audit of the headquarters of the ILO, more work was needed to boost compliance and capacity-building in the area of risk management, which was key in times of uncertainty and crisis. More should be done to recover advances granted by the SHIF, and the ILO's dependence on external collaborators for work that could be carried out by regular staff required broader discussion.

22. Concerning the audit of the Development Cooperation Strategy 2020–25, the ILO should step up its resource mobilization, particularly through the UN Multi-Partner Trust Fund. He called for the Bureau for Workers' Activities (ACTRAV) and the Bureau for Employers' Activities (ACT/EMP) to be more involved in project appraisals and monitoring. Recommendations linked to the audit on human resource management would be useful for devising the next human resources strategy. For instance, the establishment of a roster system or reserved list of internal candidates with required skills for upcoming vacancies could reduce lead times for recruitment. Regarding the audits of regional and country offices, he reiterated the importance of strengthening control activities and risk management through capacity-building of staff.

23. Lastly, he continued to stress the importance of follow-up to audit recommendations from previous years, and he pointed out that occupational safety and health had been omitted from the list of fundamental standards contained in note 1 of the consolidated financial statements for the year ended 31 December 2024.

24. He supported the draft decision.

Decision

25. **The Governing Body took note of the External Auditor’s report and forwarded the consolidated financial statements for the year ended 31 December 2024 and the External Auditor’s report thereon to the International Labour Conference for consideration and adoption at its 113th Session.**

(GB.353*bis*/PFA/1, paragraph 4)