International Labour Organization

GB.356/PFA/5

Governing Body

356th Session, Geneva, 23 March–2 April 2026

Programme, Financial and Administrative Section

PFA

Audit and Oversight Segment

Date: 26 February 2026
Original: English

Fifth item on the agenda

Report of the Independent Oversight Advisory Committee

Purpose of the document

This document contains the 18th annual report of the Independent Oversight Advisory Committee, covering the period from February 2025 to January 2026, for debate and guidance (see the draft decision in paragraph 7).

Relevant strategic objective: Not applicable.

Main relevant outcome: Enabler B: Improved leadership and governance.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Follow-up action required: The Office will report to the Committee on its follow-up to the recommendations contained in the report.

Author unit: Independent Oversight Advisory Committee (IOAC).

Related documents: GB.350*bis*/PFA/2; GB.352/PFA/7; GB.353/PFA/6; GB/355/PFA/4.

1. In accordance with its terms of reference, [1] the Independent Oversight Advisory Committee (IOAC) conducted its work during the period from February 2025 to January 2026 through regular meetings held on 29–30 May 2025, 24–26 September 2025 and 20–23 January 2026, in Geneva, Switzerland.

2. Until 31 December 2025, the Committee comprised the following members:
   - Mr Gonzalo Castro de la Mata (Peru/United States of America);
   - Mr Marcel Jullier (Switzerland);
   - Ms Lipika Majumdar Roy Choudhury (India);
   - Ms Marian McMahon (Canada);
   - Ms Agnieszka Słomka-Gołębiowska (Poland).

3. At its 352nd Session (October–November 2024), the Governing Body appointed one new member for a three-year term commencing on 1 January 2026. [2]

4. At its 355th Session (November 2025), the Governing Body appointed a replacement member for a three-year term commencing on 1 January 2026. [3]

5. The Committee met in January 2026 with an extra day dedicated to the orientation of new members and onboarding, and with its new membership, as follows:
   - Mr Gonzalo Castro de la Mata (Peru/United States of America);
   - Mr Jayantilal M. Karia (Uganda/United States of America)
   - Mr Clyde M. MacLellan (Canada);
   - Ms Lipika Majumdar Roy Choudhury (India);
   - Ms Agnieszka Słomka-Gołębiowska (Poland).

6. The Director-General hereby transmits the 18th annual report of the Committee to the Governing Body for its consideration (see appendix).

▶ Draft decision

7. **The Governing Body took note of the 18th annual report of the Independent Oversight Advisory Committee appended to document GB.356/PFA/5 and requested the Office to take into account the guidance provided therein.**

[1] GB.350bis/PFA/2, Appendix.

[2] GB.352/PFA/7.

[3] GB.355/PFA/4.

▶ Appendix

Eighteenth annual report of the Independent Oversight Advisory Committee

Executive summary

The Independent Oversight Advisory Committee (IOAC) presents its 18th annual report to the Governing Body, covering the period from February 2025 to January 2026. In December 2025, the terms of its Chairperson (Ms McMahon) and Vice-Chairperson (Mr Jullier) expired. Two new members were welcomed in January 2026: Mr Jayantilal Karia and Mr Clyde MacLellan. At its January 2026 meeting, the Committee unanimously elected Mr Castro de la Mata as its Chairperson and Ms Lipika Majumdar Roy Choudhury as its Vice-Chairperson.

The report covers all key areas of the IOAC's mandate, and represents work conducted through three in-person meetings at ILO headquarters in Geneva, and additional exchanges outside its regular schedule of meetings. The Committee also participated in various interactions with the Joint Inspection Unit of the United Nations system (JIU), in informal sessions with ILO Governing Body representatives, and with the chairpersons of other United Nations (UN) oversight committees.

The Committee notes various improvements in ILO policy and processes, and the results achieved during the period, in particular: (a) the timely submission of the 2024 consolidated financial statements and the completion of external audit work with an unmodified audit opinion; (b) the comprehensive content of the 2024 Statement of Internal Control issued by the Director-General and the process used to produce it; (c) the activities of the newly appointed Chief Internal Auditor/Director of the Office of Internal Audit and Oversight (IAO); (d) the progress with both the Ethics Office (ETHICS) and the newly established function of Prevention and Response to Sexual Exploitation and Abuse (PSEA) Officer; and (e) the considerable progress made in several other areas as described below.

The Committee also identified areas where continuous improvement is required to strengthen the ILO´s ability to maintain its robust risk management profile. These areas are covered herein.

In addition to the issues that the Committee addresses regularly as part of its mandate, the period covered in this report represents an unusually challenging time for the ILO and, indeed, other UN agencies. In addition to the termination of the voluntary contributions that were due from a major donor mentioned in our previous report (US$137.8 million), there were an additional $US108.0 million in outstanding commitments related to the regular contributions of various Member States. The delay in the payment of these commitments, and the possibility that these payments may never materialize, could represent a major financial challenge to the ILO and to its ability to fulfil its mandate in its present configuration. The Committee urges management and the Governing Body to consider the consequences of the various scenarios that may unfold because of this impending liquidity crisis.

In summary, the Committee makes the following recommendations:

Recommendation 1: The ILO is facing an impending liquidity crisis that could result in a severe reduction in its ability to fulfil its mission. The Committee urges management and the Governing Body to consider mitigation scenarios with enough anticipation, so that sufficient time is allocated to adjust the Office´s configuration and thus, if necessary, to avoid last-minute austerity measures that could result in reducing the effectiveness of the ILO and its ability to fulfil its mission.

Recommendation 2: The IOAC encourages management to complete the final phases of the human resources (HR) skills-mapping exercise, which are overdue, noting that the skills map was prepared for a different organizational context, as the exercise began in 2023. Furthermore, the IOAC notes that a new HR Strategy is to be presented to the Governing Body at its current session (March 2026). In this context, it urges management to consider the various scenarios that may be required to proactively mitigate the consequences of the potential liquidity crisis mentioned above.

Recommendation 3: Regarding the ILO review under way, the Committee recommends that the key accountability functions of the ILO, including the IAO, EVAL, ETHICS and PSEA, should remain based at headquarters in order to ensure cohesion in communications and uninterrupted access to senior management.

Recommendation 4: The IOAC encourages management to complete the action plans identified in the Statement of Internal Control relating to the follow-up to and implementation of action related to the staff survey, and to address the issues identified in relation to the development cooperation projects that need to be strengthened.

Recommendation 5: Regarding internal audit, the Committee encourages management to prioritize the deployment of the necessary resources to ensure that the IAO has the required human capital to be able to deliver a work programme that is in line with the risk profile of the Organization. This will require a strengthening of the number of effective auditors currently in place.

I. Introduction

1. The IOAC is pleased to present its 18th annual report on its work from February 2025 to January 2026.

2. Committee meetings were held in Geneva on 29–30 May 2025, 24–26 September 2025 and 20–23 January 2026. All meetings were held in person and with the full participation of its members, except in a few exceptional cases when Committee members attended remotely. All members affirmed and signed a declaration confirming that they have no conflict of interest.

3. The IOAC has continued to follow a standard agenda based on its terms of reference, to ensure that all aspects of its responsibilities remain covered. In addition to its regular meetings, the former Chairperson (Ms McMahon) represented the IOAC at the tenth meeting of representatives of UN system oversight committees in December 2025. Since the term of Ms McMahon has now expired, the outcomes of that meeting were shared with the IOAC at its January 2026 meeting by Mr Karia, who attended the meeting in his capacity as the moderator of the joint meeting.

II. Key organizational developments in 2025–26

4. The IOAC acknowledges the support and cooperation received from the Director-General and the ILO's senior management and staff during the past year. The presentations and briefings to the IOAC continued to be relevant to its work. The IOAC appreciates the dialogue on key issues with concerned ILO offices. It especially commends the Office of the Treasurer and Financial Comptroller for the outstanding secretariat services provided to the Committee throughout the reporting period.

5. The IOAC met with senior ILO officials, including the Director-General, the Treasurer and Financial Comptroller, the Chief Internal Auditor/Director of the IAO, the Director of the Office of the Director-General (CABINET), the Director of the Human Resources Development Department (HRD), the Director of the Information and Technology Management Department (INFOTEC), the Director of the Strategic Programming and Management Department (PROGRAM), the Executive Secretary of the Staff Health Insurance Fund (SHIF), the Chairperson and members of the Environmental Sustainability Committee (ESC), the Director of the Evaluation Office (EVAL), the Senior Risk Officer, the Ethics Officer, and the Prevention and Response to Sexual Exploitation and Abuse (PSEA) Officer. In addition, the Committee met with the newly appointed External Auditor in May 2025, September 2025 and January 2026.

6. The Committee appreciated the opportunity to meet with members of the Governing Body in September 2025 for an informal briefing. This provided an opportunity to discuss the work of the IOAC, as summarized in its previous annual report, and to identify emerging issues.

7. Following good practice by other UN oversight committees, the Committee held in-camera meetings with the Chief Internal Auditor/Director of the IAO, the External Auditor and the Ethics Officer, as it deemed appropriate.

8. On behalf of the Committee, the Chairperson presented its annual report for 2024–25 at the March 2025 session of the Governing Body. In addition, in June 2025 the Chairperson presented to the Governing Body the Committee's comments on the financial statements for the year ended 31 December 2024 and the report of the External Auditor.

9. During the September 2025 meeting, the Committee was made aware of a growing concern regarding both the termination of the voluntary contributions from one Member State in the amount of US$137.8 million, as well as the arrears from several constituents. At that time, the

Office had only US$13 million available on the regular budget and 38 per cent of Member States’ contributions had not yet been collected. To cope with this shortage of cash, the Office had stopped all new commitments and obligations under the regular budget and was reviewing all existing purchase orders. Similar austerity measures were put in place regarding human resources to preserve cash.

10. At the January 2026 meeting, the IOAC learned that numerous Member States had decided to clear arrears and, in some cases, to pay the 2026 contributions upfront, thus providing some relief from the shortage of cash. Despite these efforts, and at the time of writing, there are now arrears of US$128 million, primarily resulting from the unpaid contributions of a major contributor for the years 2024 and 2025. The cumulative arrears represent the largest arrears amounts in the last ten years.

11. The Committee notes with a growing level of concern that unless the arrears are paid in full shortly, the Office faces a serious liquidity crisis that will require the imposition of austerity measures representing up to around 20 per cent of its regular budget. If this situation is not corrected and the Member States in arrears fail to make the payments due, then the ILO will not be able to fulfil its mission under its current configuration, and major re-engineering will be required to make it fit for purpose again, including important cuts in functions and reductions in programmes.

▶ **Recommendation 1** (2026)

> The ILO is facing an impending liquidity crisis that could result in a severe reduction in its ability to fulfil its mission. The Committee urges management and the Governing Body to consider mitigation scenarios with enough anticipation, so that sufficient time is allocated to adjust the Office´s configuration and thus, if necessary, avoid last-minute austerity measures that could result in reducing the effectiveness of the ILO and its ability to fulfil its mission.

III. Details of IOAC activities and advice provided

A. Internal processes and business units

Human resources Development Department

12. The Committee met with the Director of HRD to discuss the progress with the skills-mapping exercise, but learned that the final phase, targeted to be completed in the autumn of 2025, has not been completed.

13. Previously, the Committee noted that the roles of the Committee on Accountability versus the Disciplinary Committee were not very clearly defined, causing potential delays in the application of disciplinary sanctions, both in terms of timeliness and appropriate level of sanction, and hence the conclusion of the full process. Clarification was provided by the Director of HRD and the Committee is satisfied that there is now sufficient clarity.

14. As mentioned in previous reports, the IOAC encourages management to ensure that the skills-mapping exercise produces a result that can be useful in developing the appropriate human resources and skill sets required to meet the current and future needs of the ILO. In this context, the impending liquidity crisis mentioned above represents a new and emerging risk to the draft strategy. Should the liquidity crisis require the reduction of current staffing levels, then the new HR Strategy needs to consider the development of scenarios so that different staffing levels can be approached as opportunities to enhance efficiency and effectiveness in the context of the ILO´s mandate and mission.

15. As in our previous reports, the Committee continues to view human resources management as a key driver of change for the Organization's performance and reiterates the importance of demonstrating effectiveness in this area.

▶ **Recommendation 2** (2026)

> The IOAC encourages management to complete the final phases of the HR skills-mapping exercise, which are overdue, noting that the skills map was prepared for a different organizational context, as the exercise began in 2023. Furthermore, the IOAC notes that a new HR Strategy is to be presented to the Governing Body at its current session (March 2026). In this context, it urges management to consider the various scenarios that may be required to proactively mitigate the consequences of the potential liquidity crisis mentioned above.

Financial reporting and internal controls

16. The Committee provided an oral update on its review of the financial statements for 2024 to the Governing Body in June 2025, before these were presented to, and adopted by, the International Labour Conference. Prior to that, the Committee also reviewed the presentation and results of the financial statements with management. It was pleased to note that management had provided it with an early draft of the statements, which it reviewed and commented on.

17. The Committee discussed with management the role of the Investments Committee and was informed that the Investments Committee is advisory only and investment decisions were made by the Treasurer.

18. The Committee noted that the Office continued to present the results in accordance with the International Public Sector Accounting Standards (IPSAS). As a result, the presentation of the financial statements was consistent with that of other UN organizations and other entities in the international public sector. No changes in presentation were required in the year because of new standards becoming effective.

19. The Committee observed that the Office had achieved an unmodified audit opinion on the consolidated financial statements. It was satisfied that the external audit plan reviewed in September 2024 had been executed as planned.

Status of the ILO Review and related matters

20. In March 2025, the UN Secretary-General launched the "UN80 Initiative" to transform how the United Nations works, reviewing how mandates are implemented and examining potential structural changes and programme realignment within the UN system. The ILO is participating in this initiative within each of the three work streams.

21. In parallel, the ILO established a review group and suggestions for a set of reform measures to improve the effectiveness and efficiency of its operations. More details and concrete proposals relating to these measures were submitted to the Governing Body at its 355th Session (November 2025).

22. According to management, substantial issues under discussion include: (i) the restructuring of the Office (including a future Deputy Director-General for policy); (ii) delocalization; and (iii) the risks of savings not realized. Regarding the criteria for delocalization, management explained that the goal was to have more presence in the field offices, although some 80+ positions in the Professional category were already transferred from headquarters to the field during the previous Director-General's mandate.

23. Furthermore, management mentioned that delocalization would not be purely based on cost considerations, but operational efficiency as well, including the establishment of a global shared service centre (for example, centralization of payroll function, invoice processing). In this regard, the Committee understood that the potential move of the oversight functions, such as IAO and EVAL, outside Geneva was not recommended by some Governing Body groups, including the IMEC group.

24. This Committee agrees with the view that moving the oversight functions, such as the IAO, EVAL, ETHICS and PSEA, outside headquarters could adversely impact the accountability of the ILO by losing economies of scale and access to management, and by potential inefficiencies due to distance and time-zone differences. This comment does not preclude future relocation to regional offices should these functions grow in size and achieve economies of scale.

▶ **Recommendation 3** (2026)

> Regarding the ILO review under way, the Committee recommends that the key accountability functions of the ILO, including the IAO, EVAL, ETHICS and PSEA, should remain based at headquarters in order to ensure cohesion in communications and uninterrupted access to senior management.

Statement of Internal Control

25. The Committee acknowledges the Office's efforts in issuing the Statement of Internal Control as part of the annual financial statements reporting process, a best practice adopted by many UN organizations. Management briefed the Committee about the process of formulating the Statement of Internal Control for 2024 and the monitoring and update of the control matters reported in past statements issued since 2017.

26. As mentioned in the Committee's oral presentation to the Governing Body in June 2025, the Committee highlights two new matters that were disclosed in this year's statement:

    (a) the focus areas and initiatives resulting from the 2024 staff survey to be followed up and implemented, with timely and actionable measures;

    (b) the Development Cooperation Strategy needs to be improved, and the accountability and implementation of development cooperation projects need to be further strengthened.

▶ **Recommendation 4** (2026)

> The IOAC encourages management to complete the action plans identified in the Statement of Internal Control relating to the follow-up to and implementation of action related to the staff survey, and to address the issues identified in relation to the development cooperation projects that need to be strengthened.

Risk management

27. The IOAC was provided with an update on all activities undertaken, including the progress made in the implementation of the 2025 work plan in the areas of risk management and business continuity. Work has been completed on the annual update cycle of the business continuity plans in the field offices, but the update of these plans by selected headquarters departments was deferred. The risk library has been revamped, with recategorization of risks under four objectives based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Enterprise Risk Management cube, and the development of two new online training modules was progressing well.

28. The Committee was also informed that several new projects were added during the year in response to management requirements and the External Auditor’s recommendations:

   (a) Working group on project risk registers and update of the how-to guide for project risk assessment – work completed over the summer of 2025.

   (b) Minor, but necessary, enhancements of the functionalities in the online risk management system Symbiant were completed.

   (c) Development of an in-house risk management platform, which would be integrated with the Application for Follow-up of Audit and Oversight Recommendations. Work has started on the definition of requirements and development was planned for the fourth quarter of 2025 and the first quarter of 2026. The aim was to replace Symbiant with the new in-house system, which would be more cost effective and user friendly, and open to all staff.

29. The Committee took note of the update and encouraged the Office to continue making progress in these areas. The Committee will continue to follow up in the context of the five-year rolling work plan.

Information and Technology Management Department (INFOTEC)

30. The Committee met with INFOTEC´s senior management and appreciates the adequate and continuous efforts in place to ensure safety and effectiveness. The Committee was informed that INFOTEC is responding to the findings of the External Auditor regarding issues related to governance, among others.

31. The Committee discussed these issues extensively, particularly in relation to the governance and procedures related to the decisions leading to bringing in new software and the process to decide which cloud providers are chosen. The Committee also questioned whether sufficient controls exist to ensure that all new software that is deployed at the ILO has been previously approved by INFOTEC. The Committee encouraged management to make sure that robust measures were in place to minimize the risk of unwanted software being introduced into ILO systems.

32. The Committee continues to greatly emphasize that cybersecurity remains a very significant threat to business and institutions worldwide, and that this threat is growing by the day due to the very rapid deployment of artificial intelligence and other technological advances. The Committee therefore encourages management and the Governing Body to ensure that sufficient attention and resources are available in response.

B. Internal and external oversight functions

Internal audit

33. The Committee welcomed the new Director of the IAO at its January 2025 meeting (kindly refer to previous report) and is satisfied by the focus of the office, its open attitude to engaging with management and to ensuring that the work of the office is relevant to the broader mission of the ILO through the issuance of actionable recommendations.

34. Management also updated the Committee on progress made in the implementation of actions contained in three reference documents: the IAO audit strategy, the external quality assessment completed in June 2024, and the External Auditor’s recommendations (2023) on IAO functions.

35. Progress was made in the implementation of recommendations from the external quality assessment by KPMG and the External Auditor. The IAO strategic plan for 2021–26 was being updated, with IAO strategic thinking, and aligned with the timing of the programme and budget. Going forward, the plan would cover two biennia and would be reviewed at the half-way point.

36. Management also informed the Committee that the IAO was undertaking a selection process to establish long-term agreements with external companies. It was emphasized that the IAO must own the outcomes of the audit work conducted by the long-term agreement holders.

37. Given that the new IAO Director has been in post for over one year, it is important to evaluate both the plans for the transitional phase (which the Committee supports) and the future. In this context, the Committee notes that the future plan for internal audit is modest in both scope and coverage when compared with the work programme of the IAO in the past.

38. In the Committee's opinion, the small Audit and Assurance Unit, which includes a Principal Auditor and two Senior Auditors, is not well placed to fulfil its duties. Furthermore, a preliminary analysis of the internal audit offices of sister UN agencies suggests that the ILO internal audit office is smaller than its sister offices by an order of magnitude.

▶ **Recommendation 5** (2026)

> Regarding internal audit, the Committee encourages management to prioritize the deployment of the necessary resources to ensure that the IAO has the required human capital to be able to deliver a work programme that is in line with the risk profile of the Organization. This will require a strengthening of the number of effective auditors currently in place.

Investigations

39. The Committee welcomes the progress made with the ILO Integrity Hotline, which went live on 15 April 2025, for the reporting of wrongdoings. Since then, 155 reports have been received, and 19 cases have been opened.

40. In addition to conducting investigation work, the IAO also participated in other activities, such as training, policy development and UN system coordination. In this respect, a draft procedure on the investigation of misconduct of a Director-General was prepared and shared with the Office of the Legal Adviser (JUR) for comments. The Committee provided comments and urged the Office to finalize the procedure for the approval of the Governing Body as soon as possible.

41. The staffing situation of the Investigation and Inspection Unit has improved, including a new Head of Unit joining in September 2025 and a Senior Investigator starting in June 2025. A position of Forensic and Data Analytics Officer was recently opened for competition.

Ethics

42. The Committee met with the Ethics Officer throughout the year. The Committee is pleased with the steady progress towards emphasizing an ethical culture at all levels of the ILO.

43. The Committee heard details regarding the programme on ethical leadership: vision, action and reflection (ELVAR) launched in 2025, aimed at fostering ethical leadership. The Committee was pleased with the progress in outreach activities, the annual report to be submitted to the Governing Body, the updated financial disclosure system, and the awareness-building and training of staff.

44. Following up on the Committee's past advice, the Officer introduced five key performance indicators (KPIs). The Committee was pleased to see their deployment and looks forward to their continued evolution, which will help to monitor the outcomes related to the ILO's ethical standards, instead of just inputs.

Prevention and Response to Sexual Exploitation and Abuse (PSEA)

45. The Committee welcomes the decision to create a PSEA office, independent from the Ethics Office, and reporting directly to the Director-General. The Committee notes with satisfaction that the PSEA Officer has been appointed.

46. The Committee met with the PSEA Officer twice and heard about the status of PSEA work at the ILO, including the institutional framework, the PSEA Policy, the Action Plan, the working group responsible for implementation, and the coordination between the PSEA Officer, the Ethics Officer and the IAO. Periodic reports were being made to the Director-General, the Governing Body and the Member States and constituents upon request.

47. The Committee also heard about the outcomes of the JIU Review of policies and practices to prevent and respond to sexual exploitation and abuse in the United Nations system organizations in 2025, including formal and informal recommendations.

48. The Committee asked to schedule a meeting in 2026 with the members of the working group on the PSEA Action Plan to discuss the progress in finalizing the plan and developing performance indicators.

SHIF operations

49. The Executive Secretary of the SHIF briefed the IOAC on governance and structure, as well as on its principles, rules on reimbursement and eligibility criteria. Regarding its financial situation, the amounts of contributions received and benefits paid matched those of 2024.

50. As a rule, the SHIF guarantee fund shall not be less than one sixth of the expenditure of the Fund during the last three financial years nor exceed one half of the expenditure of the Fund during the last three financial years. An actuarial analysis is done every three years, and the next one was due in 2025.

51. The SHIF's Risk Management Strategy and Anti-Fraud Plan were last updated in 2023. Its risk register is updated by the Management Committee on a yearly basis.

52. It is noted that the External Auditor made three recommendations on the SHIF in the long-form report of 2024. These were accepted by the SHIF and would be followed up.

Environmental sustainability

53. The Committee received a briefing on the ILO Environmental Sustainability Policy and systems from the Assistant Director-General of Corporate Services and Chairperson of the ILO Environmental Sustainability Committee (ESC), as well as other senior managers. It covered the ILO´s Environmental Management System and Environmental Sustainability Committee and the roles and responsibilities of the different clusters.

54. The team also provided an update on the status of development and implementation of the ILO Environmental and Social Sustainability Framework (ESSF). They stated that the ILO was at a strategic moment for change, moving from fragmented efforts to a structured, Office-wide ESSF. According to the team, alignment with donor expectations and the UN Model Approach

is within reach, but an ESSF anchor must be appointed, and dedicated funding and staffing would be essential for coordination, quality assurance and follow-up.

External Auditor

55. The Committee met with the External Auditors in all three IOAC meetings covered in this report. It heard the key information contained in the External Auditor's long-form report to the Governing Body for the year ended 2024. The External Auditor's four-year mandate covers the years 2024 to 2027.

56. For the 2024–25 audit cycle, the scope included:

    (a) Financial and compliance audit;

    (b) Performance audits:

    - Implementation of Development Cooperation Strategy;
    - Human resources management;
    - IT governance and operations;
    - Policy outcome 3 – "Full and productive employment for just transitions";

    (c) Regional and country offices:

    - Regional Office for Africa, Abidjan; Regional Office for Asia and the Pacific, Bangkok; CO-Jakarta; CO-Bangkok; CO-Hanoi; and CO-Addis Ababa;
    - Regional Office for Latin America and the Caribbean, Lima; CO-Harare; CO-Manila; CO-Colombo; CO-Brasilia; and DWT/CO Cairo.

57. The Committee highlights below the main issues discussed:

    (a) The External Auditor clarified that recommendations were not ranked because all those contained in the long-form report were critical or high by default.

    (b) The coverage for financial and compliance audit at headquarters includes risk management, asset management, procurement of goods and services, engagement of external collaborators, the SHIF and externally managed portfolios. Planned focus areas include implementation of new IPSAS, the building renovation project at ILO headquarters, the framework for engagement of implementing partners, and the revised external collaborators framework.

58. The Committee requested the External Auditor to include in future reports specific conclusions against the audit objectives. This would be followed up in the long-form report for 2025.

Evaluation Office

59. The Committee received a briefing from the Director of EVAL about the progress on implementing the ILO's evaluation strategy as reflected in the Annual Evaluation Report 2024–25, as well as the summary of the high-level evaluations conducted in 2025.

60. The Committee was informed that the evaluation strategy 2023–25 addressed the recommendations made as a result of the Independent Evaluation of the Evaluation Function (IEE) in 2022. The Annual Evaluation Report 2024–25 marked the final year of the evaluation strategy 2023–25 but a one-year extension of the strategy to 2026 was requested for the approval of the Governing Body. Overall, strong progress was made toward the 2025 targets, with 18 out of 21 indicators achieved. Over 90 per cent of evaluation reports received a

"satisfactory" rating in 2024. The ILO Evaluation Trust Fund (IETF) has been established and has one donor so far with US$50,000.

61. On the capacity-building front, online induction training for staff to facilitate the integration of evaluation principles and practices was ready to be rolled out, and job descriptions for a new evaluation family (Regional Evaluation Officers/Specialists) were developed. An *i*-eval AI assistant was introduced to ILO staff allowing the interactive search and knowledge-sharing of evaluation data available in the *i*-eval Discovery dashboard.

62. The Director of EVAL informed the Committee of his retirement at the end of August 2026. As of September 2025, the succession planning for the position of Director of EVAL had not yet started since ten months still remained. In addition, the incumbent of a P4 position in EVAL was also retiring.

63. The IOAC notes the importance of a timely start of steps related to the succession planning for the Director of EVAL.

IV. IOAC internal governance

A. Follow-up on past recommendations

64. The Committee received an update from management on the four recommendations made in its 17th annual report. The Committee has noted that one of the recommendations made was fully implemented while three were partially implemented.

65. With regard to the recommendation related to addressing the External Auditor's recommendations on the review of the operations of the IAO, the Committee noted that 85 per cent of the actions identified by the IAO have been implemented, while the remaining actions were targeted for completion in 2026. The Committee encourages the IAO to continue its efforts in implementing all actions.

66. With regard to the recommendation related to completing the action plans identified in the 2024 Statement of Internal Control, the Committee noted that the Development Cooperation Strategy to be presented to the Governing Body in March 2026 would aim to enhance accountability and capacity for the delivery of extrabudgetary development cooperation projects. It will continue to follow up on this subject in future meetings.

67. With regard to the skills-mapping exercise, the Committee noted the current status and encourages management to complete the final phases of the exercise, taking into account emerging needs under the new HR Strategy (recommendation 2 above).

68. With regard to the recommendation related to addressing the weaknesses identified by the auditors on external collaboration contracting, the Committee noted that a new policy became effective on 1 July 2025 that fully addressed the recommendations.

B. Rotation of Committee members

69. In anticipation of Mr Jullier's departure from 1 January 2026, the Committee reviewed the membership candidates on the reserve list approved by the Governing Body in November 2024. The Committee made recommendations to the Governing Body, taking into account the need for complementarity in terms of expertise and experience.

70. Two new members were welcomed in January 2026: Mr Jayantilal Karia and Mr Clyde MacLellan.

71. The term of appointment of Mr Karia was set for three years starting on 1 January 2026, which was aligned with Mr MacLellan, thus ensuring that a maximum of two members would leave in any given year.

C. Self-assessment and stakeholder feedback

72. The Committee conducted its annual self-assessment in December 2025. Overall, the operations of the Committee were evaluated as meeting or exceeding expectations. Observations were made regarding the need to better optimize the use of the IOAC members' time during the meetings, and it was recommended that staff presentations should be more focused, with brief introductions of context, and more details provided on key issues requiring attention and discussion.

D. Work plan for 2026–27

73. Looking ahead to the Committee's work in 2026–27, the focus will continue to be on the key areas of its mandate: financial statements and external audit; internal audit and investigations; risk management and internal controls; ethics; and compliance and probity. The Committee will focus its efforts on areas identified as needing improvement by following up on progress made in line with its recommendations.

74. Given the likelihood that the impending liquidity crisis discussed in this document may materialize, the Committee stands ready to adjust its work programme, should the circumstances so require.

75. The Committee is considering performing a field visit in January 2027, with the location still to be defined.

Geneva, 10 February 2026

(*Signed*) Dr Gonzalo Castro de la Mata
Chairperson