International Labour Organization

GB.356/PFA/6

Governing Body

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

Programme, Financial and Administrative Section

PFA

Audit and Oversight Segment

Date: 4 March 2026
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Sixth item on the agenda

Report of the Director of Internal Audit and Oversight for the year ended 31 December 2025

1. In accordance with the decision taken by the Governing Body at its 267th Session (November 1996), the Director-General transmits herewith the report prepared by the Director of Internal Audit and Oversight on significant findings resulting from audit and investigation assignments carried out during 2025. [1]

2. The Director-General considers the work performed by the Director of Internal Audit and Oversight to be extremely valuable in assessing strengths and weaknesses in operations, practices, procedures and controls within the Office. Recommendations made by the Office of Internal Audit and Oversight (IAO) are thoroughly evaluated and there is constant dialogue between managers and the Director of Internal Audit and Oversight to give effect to them.

3. Investigation work undertaken by the Director of Internal Audit and Oversight is an essential element of the Office's accountability mechanism by informing those responsible for making recommendations relating to allegations of fraud or misconduct with invaluable independent findings.

4. The Governing Body is invited to take note of the report.

[1] As of 2024, and as specified in the revised Charter of the Office of Internal Audit and Oversight endorsed by the Governing Body at its 353rd Session (March 2025), the responsibilities of the Chief Internal Auditor are discharged by the Director of Internal Audit and Oversight.

Office of Internal Audit and Oversight

▶Annual report 2025

Sarah Bouaka

Director of Internal Audit and Oversight

February 2026

If you suspect misconduct in the management of ILO operations, **please tell us.** Reporting to the Office of Internal Audit and Oversight is **secure and safe.** We will keep your identity **confidential**.

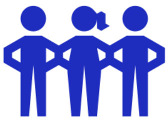
Email**:** investigations@ilo.org; trcf@ilo.org

The Office of Internal Audit and Oversight at a glance

What do we do?

- We detect and investigate waste, loss, fraud, corruption, sexual abuse and exploitation, and other forms of mismanagement and misconduct.
- We critically assess and advise on the effectiveness of governance, risk management and control processes.
- We recommend corrective actions and verify implementation.

What are our resources?



Staff (December 2025)	**12**
Investigators	6
Internal Auditors	3
Direction and administration	3
(Under recruitment)	(2)
Expenditure (2025)	**US$2.73m**
Staff	US$2.35m
Consultancy	US$0.34m
Other costs	US$0.04m

Our staff members have a broad range of professional experience, including in the fields of information technology audits, risk management, legal services, law enforcement, public administration and accounting. They comprise certified Internal Auditors, Certified Fraud Examiners, Chartered Accountants and a Certified Information Systems Auditor. They have worked in the United Nations system, national public sectors, non-governmental organizations and the private sector.

What did we produce in 2025?

All activities were conducted in accordance with the IAO Charter and applicable professional standards.

Investigations and inspections	
Cases closed of which:	119
Cases substantiated	16
Other cases	103

The 103 "other cases" include 22 unsubstantiated cases, 4 inconclusive cases, 10 referrals, and 67 no further action.

Assurance and advisory services	
Assurance reports	4
Advisory reports	0
Recommendations (including those concerning the International Training Centre of the ILO)	64

Note: Investigation staff also provide advisory services.

Highlights

- Our work in 2025 identified no material weaknesses in the ILO's system of governance, risk management or internal control. We encountered no impediment to our independence.
- The Integrity Hotline, launched in April 2025, contributed an additional 19 cases to a 47 per cent overall increase in the number of cases received. The number of cases cleared rose by 77 per cent, due in part to effective investigative triage.
- Our reports found evidence of effective controls and good practice. Priorities for improvement focus on awareness of ILO policies on conflicts of interest and outside activities, quality of documentation, procurement, and continued investment in administrative capacity, systems and integrated organizational tools.

Contents

Appendices

About this report

1. This annual report of the Office of Internal Audit and Oversight (IAO) fulfils the responsibility of the Director of Internal Audit and Oversight under the ILO's Financial Regulations and Rules, and the Charter of the Office of Internal Audit and Oversight to submit an annual activity report to the Director-General and to the Governing Body, copied to the Independent Oversight Advisory Committee.

2. The structure and context of the annual report meet the reporting requirements of the Institute of Internal Auditors and of its Charter (see in particular paragraph 33). It includes information on independence, the IAO's budget and completion of its workplan, and summary findings from IAO investigation and audit work. The report contains three sections:

   - Insights, dealing with the major issues and themes arising from the IAO's work during 2025;
   - The operational management of the IAO, dealing with the IAO, its resources, the completion of its workplan and quality assurance; and
   - Appendices, containing the mission, vision and mandate of the IAO, the Statement of independence, and a summary of the IAO's investigation and audit output.

About the Office of Internal Audit and Oversight

3. The IAO operates under the Financial Regulations and the Financial Rules of the ILO. It aims to enhance and protect the ILO's value to its constituents and other internal and external stakeholders by providing independent, authoritative and insightful risk-based assurance, advice and investigations. The mission, vision and mandate of the IAO are outlined in Appendix I.

4. The IAO comprises:

   - **The Investigation and Inspection Unit**, which investigates financial or administrative misconduct and other irregular activities, including allegations of sexual exploitation and abuse and retaliation against whistleblowers on cases referred by the Ethics Office. It reviews all allegations received for credibility, verifiability and materiality, to confirm that they fall within the IAO's mandate. It does not investigate workplace complaints such as harassment, discrimination or personnel grievances or disputes. However, the Director-General may ask the IAO to investigate a report of misconduct based on an allegation of harassment or discrimination, and when the procedure set out in article 13.4 of the Staff Regulations is not applicable. Investigations respect the due process rights of all parties, including the presumption of innocence and the rule of proportionality. It adopts a victim-centric approach to investigations.
   - **The Assurance and Advisory Unit**, which provides assurance services (audits of the ILO's governance, risk management and control processes) and advisory services (other support and advice on management initiatives). To maximize its impact and to use its resources efficiently, the Unit formulates its biennial programme of work using a comprehensive risk assessment, which creates a prioritized cycle for examining ILO processes, units and field offices. Consequently, the IAO does not examine every ILO process, unit or field office every

year. Each examination is guided by an engagement-level risk assessment so that the most important risks and challenges faced by the entity under review are assessed.

- **The Direction and Support Unit (DSU),** which provides direction, support and coordination. It comprises the Director of Internal Audit and Oversight and administrative and technical support staff.

5. The IAO undertakes its work in accordance with its Charter, the Uniform Principles and Guidelines for Investigations, endorsed by the Conference of International Investigators in 2009, and the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

6. The IAO Charter was revised and approved by the Governing Body in its 353rd Session (March 2025). [2] The revised Charter incorporated changes in professional standards from the Institute of Internal Auditors, clarified that the IAO's mandate for investigations included allegations of retaliation and sexual exploitation and abuse, and consolidated two previously separate charters for audit and investigations into one document. Since the latest Charter was approved, no changes have occurred to the structure, responsibilities or operations of the IAO, nor other functions of the ILO, such as requiring an amendment to the Charter.

▶ Insights

7. The IAO's work in 2025 revealed no material matters concerning governance, risk management or controls likely to significantly compromise the achievement of the ILO's goals or outcomes.

8. Across the four audits, a total of 64 recommendations were issued (10 relate to the audit conducted at the International Training Centre of the ILO (Turin Centre), reflecting both a strong operational commitment and recurring systemic weaknesses. Common strengths included solid control environments, proactive improvements in procurement and monitoring, and strong delivery of programme outputs, even in complex contexts. At the same time, the audits found gaps in documentation, inconsistent policy application, weaknesses in procurement compliance and financial verification, and underdeveloped risk-management practices. Several findings point to structural needs, such as more unified systems for travel planning, project management, document control, and external collaborator oversight, to improve organizational coherence and accountability. Taken together, the results show the ILO can be considered to be performing well overall but requires more standardized, data-driven and strategically aligned processes to support efficiency, transparency and sustained improvement.

9. The ILO has made steady progress on implementing recommendations from the IAO's reports, but there is scope for improvement.

Insights from investigations and inspections

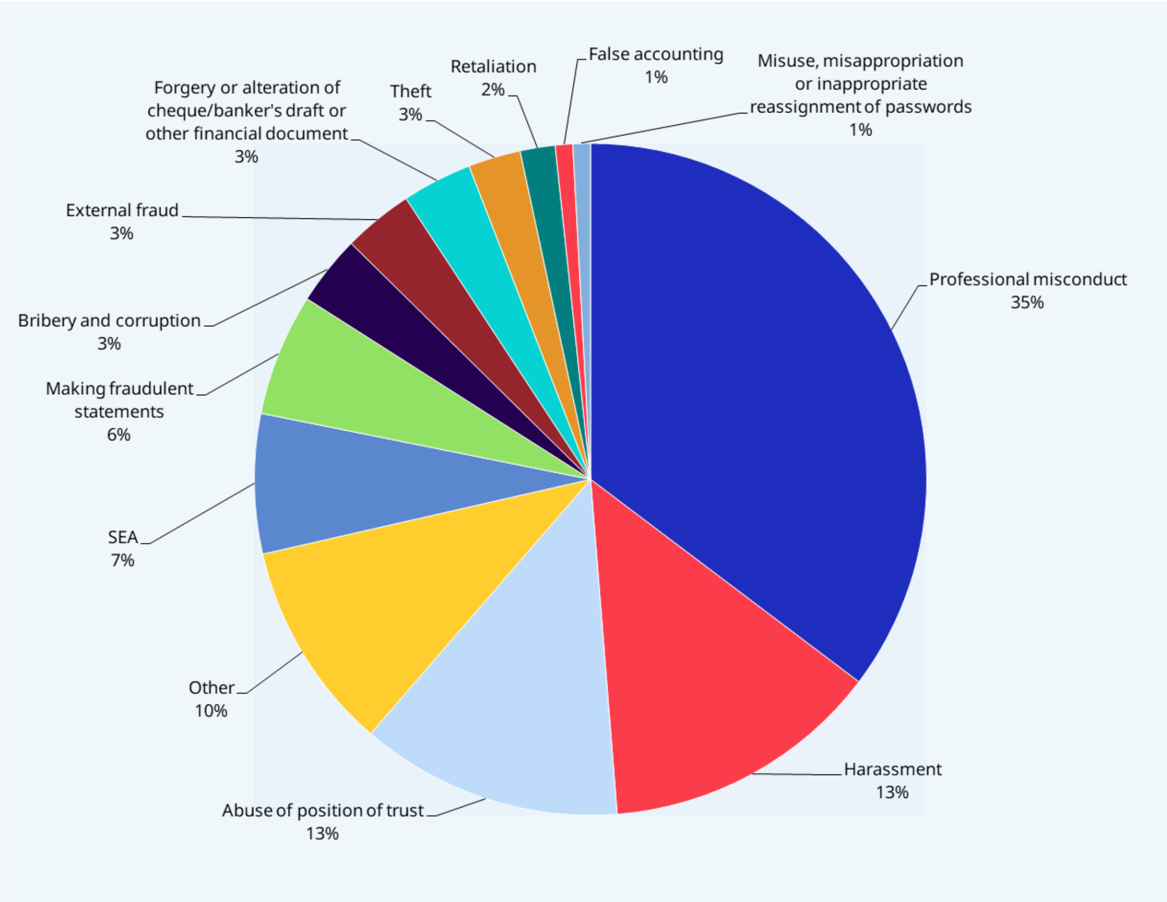
10. In 2025, the Investigation and Inspection Unit closed 119 cases, marking a significant increase in investigative activity compared with previous years. The closed caseload covered a broad range of allegations (see figure 1), with more than a third relating to professional misconduct

[2] GB.353/PFA/7, Appendix VI.

(including undeclared conflicts of interest and unapproved outside activities), as well as harassment (such as creating hostile or abusive working environments), and abuse of position of trust (including misuse of authority or personal use of official assets).

11. While these categories continue to represent core areas of risk, only 3 per cent of closed cases involved external fraud, suggesting potential gaps in detective controls or limited awareness among external stakeholders and beneficiaries of the Organization's reporting mechanisms, including the Integrity Hotline. This finding aligns with concerns raised in the 2024 Fraud Risk Assessment and reinforces the need for targeted outreach and strengthened control systems.

▶ Figure 1. Types of allegations in the 119 cases closed in 2025



Source: IAO.
Nearly half of all cases involved professional misconduct or harassment.

12. Investigations continued to reveal persistent patterns of non-compliance, particularly around conflicts of interest and outside activities, where subjects of investigations frequently reported low awareness of policy requirements. The introduction of the new mandatory "Ethics in the ILO" training is expected to help address this, although managerial vigilance remains essential.

13. The work of the Investigation and Inspection Unit in 2025 also highlighted the increasing complexity of investigative environments. In several multi-layered cases, individuals under investigation submitted counter-allegations that were ultimately unsubstantiated but required careful, impartial review. This trend underscores the importance of robust whistleblower-protection mechanisms, safeguarding individuals who cooperate with legitimate IAO processes, including the staff of the Investigation and Inspection Unit, and ensuring confidentiality is preserved wherever possible.

Insights from the Assurance and Advisory Unit

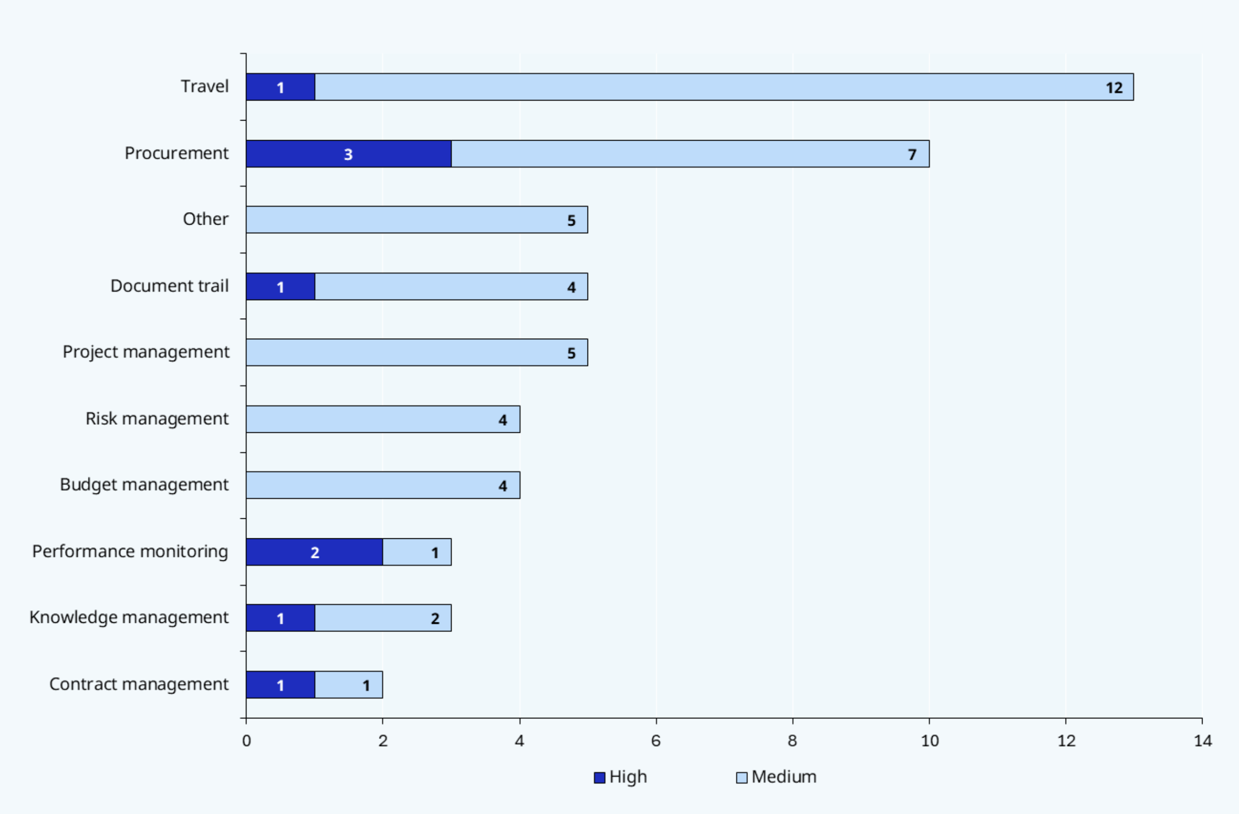
14. The IAO issued four assurance reports in 2025, covering two field offices, one headquarters policy area and one at the Turin Centre (see Appendix III). The IAO will report separately to the Board of the Turin Centre on findings from the review at the Centre and the status of the associated recommendations.

15. These reports identified no material weaknesses in the ILO's system of governance, risk management or internal control, whether for project delivery in Jordan, recruitment and external collaborator management in Turin, internal governance in Cairo, or global travel management (see Appendix V). Across the four audits completed in 2025, several consistent strengths emerged. Offices demonstrated strong commitment to programme delivery despite operational challenges, with several positive practices such as improved procurement oversight, well-documented operational procedures, enhanced monitoring and evaluation frameworks, and effective use of support staff pooling noted in multiple reports. Many teams proactively implemented improvements even during the audit period, such as regional travel-planning portals, new monitoring and evaluation standards, and strengthened procurement reviews, illustrating a willingness to adapt.

16. Nevertheless, our audits found common weaknesses, reflected collectively in 54 recommendations (see figure 2 – ten recommendations from the Turin Centre report have not been included in this figure). Several themes recurred: the absence of structured documentation and knowledge-management systems; inconsistent application of policies across duty stations; weaknesses in procurement compliance and performance monitoring; gaps in risk-management practices; and the need for better-defined accountability and oversight structures. Delays in updating risk registers, inconsistent approval hierarchies, limited use of competitive procurement methods, and insufficient monitoring frameworks (whether for deliverables, travel planning, or external collaborator performance) were highlighted repeatedly. Financial controls, particularly around invoice verification, advances to implementing partners, cost allocation, and timely settlement, also appeared as recurring improvement areas.

17. Looking across the audits from this and previous years, deeper systemic themes emerge: fragmentation of processes across offices, uneven operational capacity, and the absence of organization-wide tools or harmonized procedures to support consistency. Several findings point to the need for global solutions, centralized document management, unified risk frameworks, streamlined travel systems, consolidated collaborator rosters, and standardized project-management practices. Strengthening management information systems and creating clearer lines of accountability would significantly improve transparency, reduce administrative burden, and support more evidence-based decision-making. As the ILO Review progresses, it will undoubtedly consider the findings.

▶ **Figure 2. Number of recommendations made in 2025 by significance and subject area**



Source: IAO.
Note: Excludes recommendations on the Turin Centre. Nine of the 54 recommendations (17 per cent) in 2025 were of high significance. Most recommendations were in the area of travel, which was the subject of the headquarters thematic audit.

▶ The operational management of the IAO

Headlines

- The IAO encountered no impairment of its independence or conflicts of interest in undertaking its work (see Statement on independence, Appendix II).
- By December 2025, the IAO had filled three vacancies (two investigators and one auditor). It had also used funds from vacant positions in 2024 and 2025 to finance two short-term, temporary investigators.
- The IAO underspent its 2024–25 biennial budget by US$390,000 (7 per cent). This was the result of staff vacancies in 2024 and the IAO's contribution to the global efficiency savings in 2025, mainly on travel and consultants.
- The IAO launched an integrity hotline to facilitate the reporting of allegations, which led to an almost 50 per cent increase in the number of cases reported. The increased workload was managed by the addition of investigatory staff and a sharper focus on the triage of incoming allegations.
- The IAO improved its audit processes during the first half of 2025 and documented them in the Internal Audit Manual. The Investigation and Inspection Unit also drafted a comprehensive internal guidance document that covers all stages of the investigation process.

Resources

18. The IAO increased its capacity to deliver by recruiting five staff during 2025. Three of them filled posts that were vacant as of December 2024: a Senior Audit Specialist (P5) joined on a temporary assignment from the enterprise risk management section in January 2025, a Senior Investigator (P4) joined in June 2025 and the Chief of Investigation and Inspection (P5) joined in mid-September 2025. The IAO also funded two short term investigators (one from March 2025 and the other from April 2025) from the underspend in 2024 and 2025 to help manage the additional workload created by the opening of the Integrity Hotline. The additional resources enabled the unit to increase the number of cases closed in 2025 by 77 per cent compared to 2024.

19. The IAO has two vacancies under recruitment: a Digital Forensics and Data Analytics Officer, a new post approved in the Programme and Budget for 2026–27; and a P5 Principal Auditor, to replace the staff member currently on temporary internal transfer. Women make up 58 per cent of the IAO's staff (see figure 3 below).

▶ Figure 3. Gender balance within the IAO

Source: IAO.
Seven of the 12 staff (58 per cent) of the IAO, and two of the three management grades (67 per cent), are women.

20. The IAO has a biennial budget of US$5.7 million (see table 1 below). Expenditure in 2025 was slightly higher than in 2024 due to staff recruitment. Nevertheless, the IAO underspent its budget by US$392,000 (7 per cent), partly as a result of the number of staff vacancies across the biennium. However, following the request to review activities and seek efficiency gains, the IAO contributed by stopping all travel effective September 2025. This meant that two audits (to be issued in 2026) were switched to remote audits; training and networking at audit and investigation conferences were attended online; an investigation mission was postponed to 2026; and no further work was given to consultants.

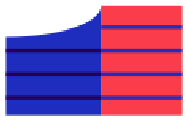
▶ **Table 1. IAO expenditure against budget 2024–25** (in thousands of US dollars)

		2024		2025		Biennium	
	2024–25 budget	**Spend**	**% of 2024–25 budget**	**Spend**	**% of 2024-25 budget**	**Spend**	**% of 2024–25 budget**
Staff costs	4,658	1,808	39	2,354	51	4,162	89
Consultants	812	616	76	344	42	960	118
Other costs	182	102	56	36	20	138	76
Total	**5,652**	**2,526**	**45**	**2,734**	**48**	**5,260**	**93**

Source: IAO, based on IRIS.
The IAO underspent its biennial budget by US$392,000 (7 per cent), in part due to staff vacancies earlier in the biennium and in part due to efficiency savings in 2025, particularly in relation to travel.

Activity of the Investigation and Inspection Unit

Field investigations
102 completed



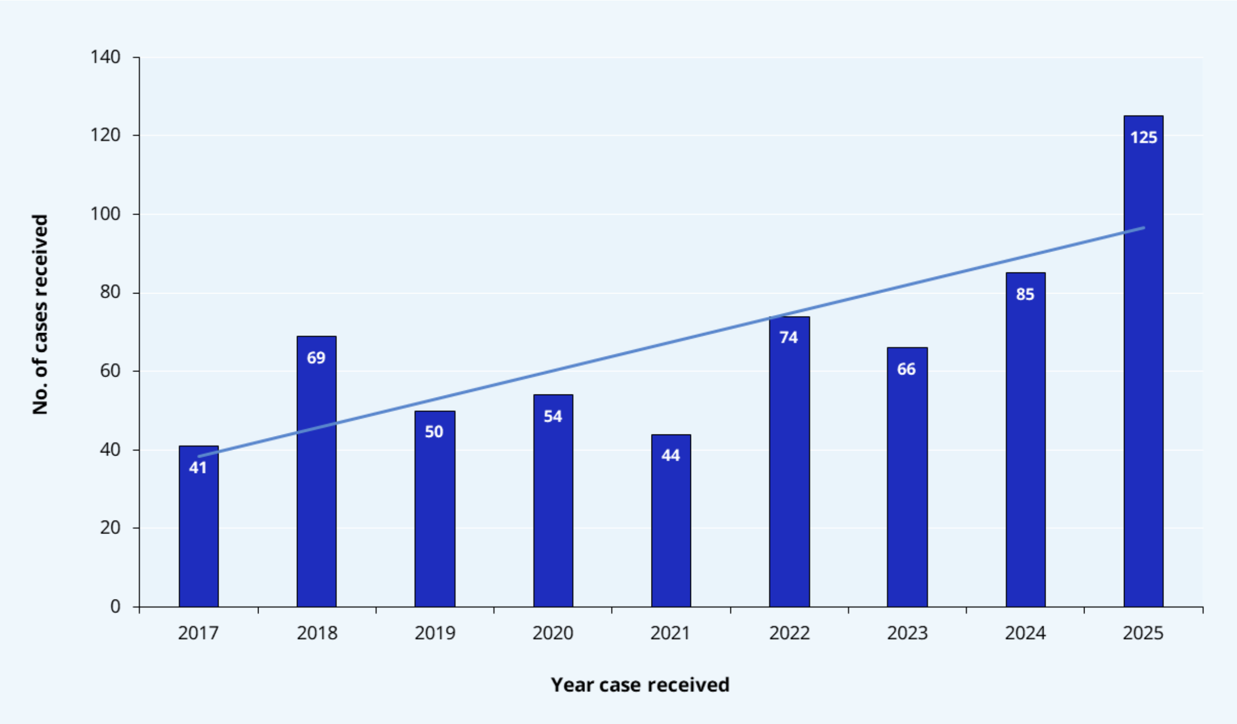
Headquarters investigations
17 completed

Advisory services
12 completed

21. The primary responsibility of the Investigation and Inspection Unit is to examine allegations of misconduct and wrongdoing, whether by ILO staff, vendors or other third parties. The Unit also has the mandate to undertake proactive inspections of activities of areas highly vulnerable to fraud or misconduct, and provides advice, training and support to other parts of the ILO on anti-fraud and related initiatives.

22. The Unit's workload is demand-led. The upward trend of new cases observed in previous years accelerated in 2025, with the number of investigation cases opened (125), 47 per cent higher than in 2024 (see figure 4 below). This sharp increase could be attributed, in part, to the introduction of the IAO Integrity Hotline in April 2025. Anticipating a larger volume of cases and the impact this would have on the team's limited resources, the IAO was proactive in hiring two short-term staff at P2 level with investigative backgrounds to manage the hotline and other channels of reporting, as well as to undertake investigation work. This has enabled the Unit to respond quickly and proportionately to complaints received, for example by strengthening the triage system which led to 39 cases (31 per cent of the total received in 2025) being resolved at the intake stage. This allowed the team to focus its resources on the cases that will have the greatest impact. The Unit also closed 52 per cent of cases received in 2025, showing an ability to handle cases quickly when the circumstances require.

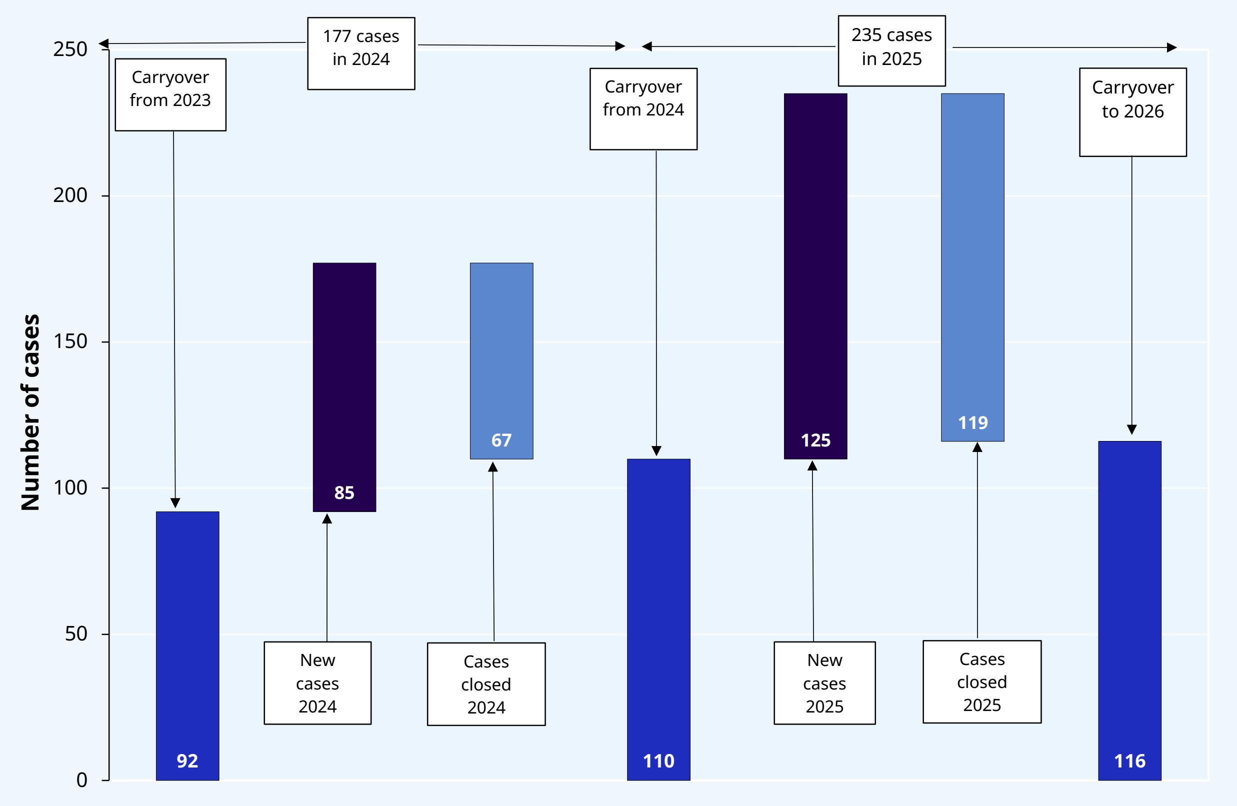
▶ **Figure 4. New investigation cases 2017–25**



Source: IAO.
The number of allegations received by the IAO is rising, showing increasing demand for investigation services.

23. In 2025, the Investigation and Inspection Unit delivered its strongest investigative output to date (see figure 5 below). In January 2025, the Unit carried forward 96 cases from previous years and had 14 cases in the reporting stage, resulting in a total caseload of 235. Despite this high workload, it closed 119 cases, compared with 67 in 2024 and 80 in 2023; and importantly, the Unit closed 52 per cent of all cases received in 2025, demonstrating an ability to act swiftly where circumstances required. Strengthening the triage system allowed 31 per cent of new cases to be resolved at intake, an efficiency gain that enabled investigators to concentrate on high-impact and complex cases.

▶ Figure 5. Investigations caseload 2023–25



Source: IAO
The carryover from 2025 to 2026 is almost the same as the carryover from 2024 because of a significant increase in the clearance rate of 77 per cent.

▶ Table 2. Analysis of cases closed in 2025

	Number	%
Substantiated	16	13
Not leading to a case	67	56
Unsubstantiated	22	19
Referred to management	10	8
Inconclusive	4	3
Total	**119**	**100**

Source: IAO
Note: Percentages do not sum to 100 because of rounding.

Advisory and other activities

24. During 2025, the Unit developed and delivered, in collaboration with the Human Resources Development Department (HRD) and the Prevention and Response to Sexual Exploitation and Abuse (PSEA) Officer, training courses on preventing violence and harassment in the ILO, which addressed violence and harassment, sexual harassment and sexual exploitation and abuse (SEA). These trainings were held remotely over seven sessions and delivered to ILO staff, external collaborators and third-party providers in Dhaka (Bangladesh) and Kabul (Afghanistan).

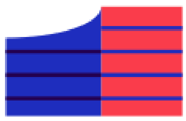
25. Beyond investigative work, the Investigation and Inspection Unit played a central role in strengthening organizational integrity, sharing its expertise with other ILO departments. The IAO Director partnered with the Ethics Officer to run an in-person half-day session on Ethics and Accountability at the Turin Centre and the Investigation and Inspection Unit provided input to ethics learning materials. Most recently, the team provided input to the Fraud Awareness training led by the Office of the Treasurer and Financial Comptroller, a mandatory training that is expected to be made available to all ILO staff in early 2026. Additionally, investigators reviewed two training courses for the Ethics Office: “Ethics in the ILO” and a refresher course, the first of which is already available to staff. The team also contributed feedback for a refresher course on the Prevention of Sexual Exploitation and Harassment.

26. The staff of the Investigation and Inspection Unit also participated in several working groups to help different departments with operational matters, such as the working group on protection from sexual exploitation and abuse and, most recently, a task force to prepare the ILO for the 2026 Multilateral Organisation Performance Assessment Network (MOPAN) exercise. The IAO Director also sits as an Adviser on the Governance Committee which was established to provide strategic oversight, guidance, and monitoring of the reform process outlined in document GB.355/INS/7. It replaces and absorbs the ILO Review team.

27. Collectively, these achievements reflect an integrity function that is expanding to meet rising demand, enhancing institutional safeguards, and embedding prevention and accountability more deeply across the ILO’s operations.

Activity of the Assurance and Advisory Unit

Field audits
3 completed



Headquarters audits
1 completed

Advisory services
0 completed

28. In 2025, the Assurance and Advisory Unit issued four assurance audit reports, including one for the Turin Centre on recruitment of short-term staff and the use of external collaborators. This compares with nine reports (eight assurance and one advisory) issued in 2024. The reduced output is mainly because significant staff effort was required to update procedures to comply with new professional standards issued by the Institute of Internal Auditors and to address other issues raised by the 2024 External Quality Assurance and in the External Auditor’s review of the IAO in its Report on the financial operations of the ILO for the year ended 31 December 2023. [3] The IAO 2024 Annual report identified this additional work as a potential hindrance to the completion of the 2025 audit work plan. [4]

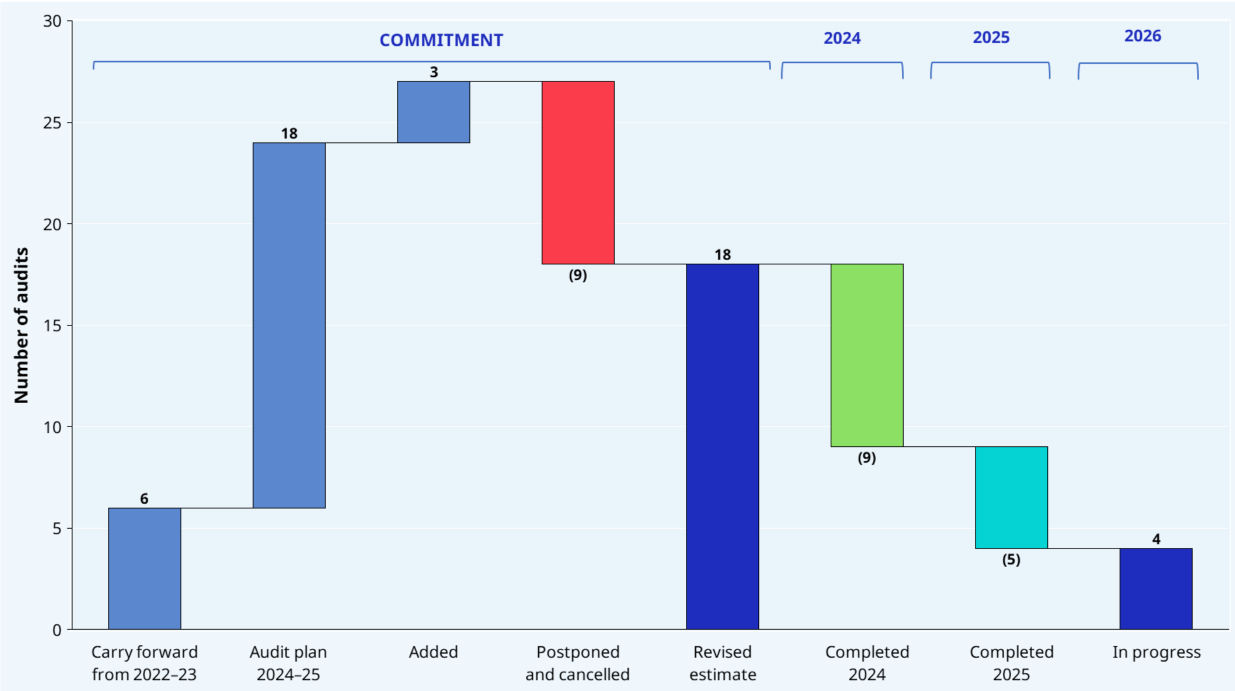
29. The IAO initially planned 24 reports for the 2024–25 biennium. Nine reports were cancelled or postponed because of geopolitical tensions, implications due to the ILO Review or because the External Auditor had recently undertaken a review in the same office. Three audits were added,

[3] ILC.112/FIN.

[4] GB.353/PFA/7.

either at the request of management, or to replace cancelled audits. Of the remaining 18, 13 audit reports were issued and 4 audits are in progress.

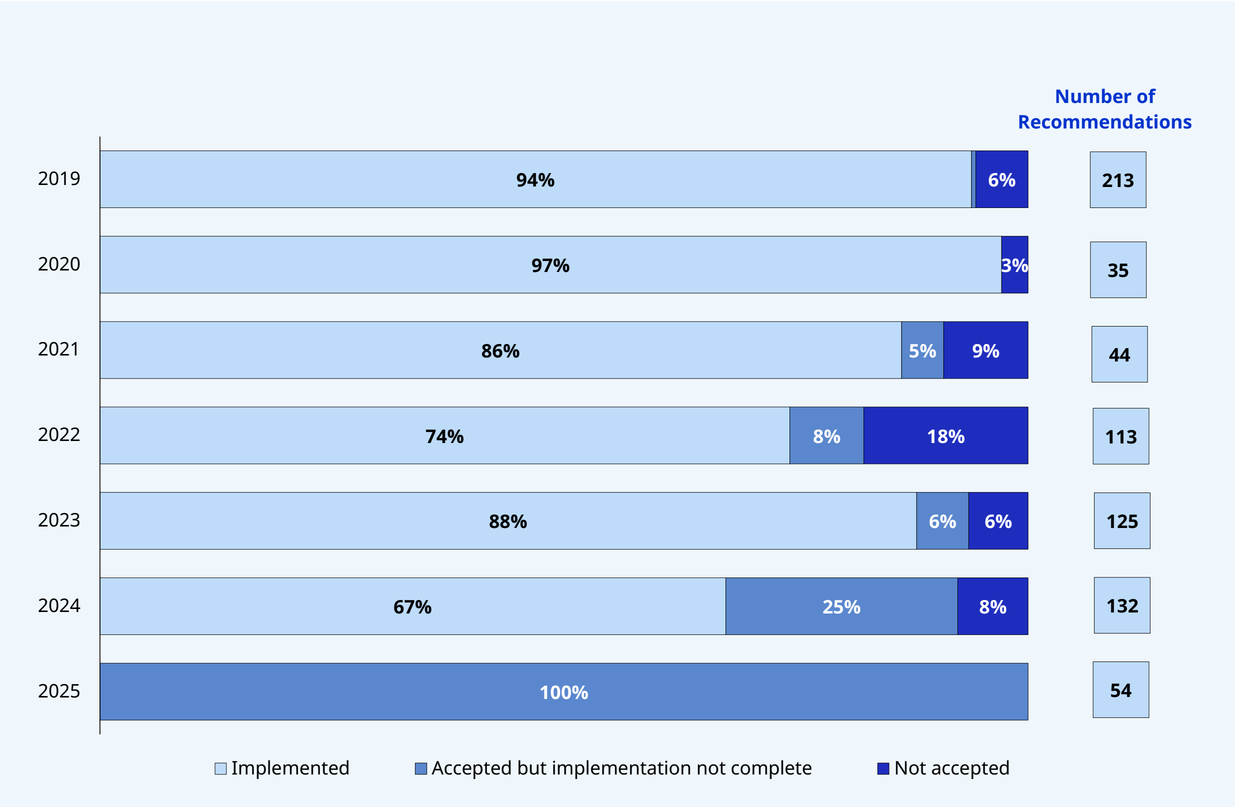
▶ Figure 6. Progress in completing the 2024–25 Assurance and Advisory Unit Plan



Source: IAO.
Note: One audit was completed but the report was not issued.
The IAO committed to deliver 24 reports during the biennium. Nine audits were cancelled and three added. Thirteen audits were completed and four are in progress.

30. The Office of the Treasurer and Financial Comptroller checks and compiles the data on the implementation of IAO recommendations. As part of its work, the IAO assesses the adequacy of the measures introduced. Given that recommendations from the IAO vary in their complexity and the time needed to implement them, the reported progress on implementation of IAO recommendations is steady but shows scope for improvement (see figure 7 below). The IAO is working with the Office of the Treasurer and Financial Comptroller to produce additional statistics on the timeliness of the implementation of recommendations. Additional data on this may be available from 2026.

▶ **Figure 7. Implementation rate of IAO recommendations, by year the report was issued**



Source: IAO, based on data from the Office of the Treasurer and Financial Comptroller.
Note: Excludes recommendations related to the Turin Centre.
2025 was the first year in which all recommendations were accepted. Implementation rates are steady, but there is scope for improvement.

Outreach and professional development

31. In 2025, IAO staff members completed an average of 2.7 weeks of training, either as trainers or trainees, and participated in global conferences such as the Conference of International Investigators, the United Nations Representatives of Internal Audit Services (UN-RIAS), the United Nations Representatives of Investigation Services (UN-RIS) and the Heads of Internal Audit in International Organizations in Europe (HOIA). and met regularly with donors. The IAO held remote sessions with colleagues in Europe, the Arab States, Africa and Latin America to share its work. The IAO also provided joint training sessions to colleagues in Turin on ethics and accountability, and in Dhaka and Kabul on protection from sexual exploitation and abuse and harassment.

Quality Assurance and Improvement Programme

32. The IAO's Quality Assurance and Improvement Programme includes continuous monitoring and supervision of assurance and advisory activities, in particular through performance indicators and targets, consultations with key clients and internal stakeholders, supported by the External Assessment conducted every five years.

33. During 2025, however, the IAO's Quality Assurance work focused on updating the IAO's audit procedures to incorporate the new International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, that came into force in January 2025. In so doing, this work also addressed recommendations arising from the 2024 External Assessment and from the External Auditor's review of the IAO in its report on the financial operations of the ILO for the year ended 31 December 2023.[5] Measures introduced included:

- revising the Audit and Investigation Manuals;
- revising the approach to biennial and engagement planning;
- enhancing productivity and clarity of audit reports, including more extensive use of data analytics and graphics;
- revisiting how professional ethics are discussed and audit findings documented; and
- including additional material in the Annual Report to the Director-General, the Independent Oversight Advisory Committee and the Governing Body.

34. The IAO is currently updating its performance indicators and targets in the light of the changes to its Charter, Manual and associated procedures introduced in 2025. The revised indicators will be applied during 2026. Out-turn against the three legacy indicators that remain relevant for 2025 are summarized in the table below.

▶ Table 3. Out-turn against performance indicators in 2025

Target	Result	Comment
All outputs in the biennial audit plan are completed.	Target not met	Responding to the recommendations from the External Quality Assessment and the External Auditor's Long Form Report means four audits have been carried forward to 2026 (see paragraph 32).
At least 80 per cent of assurance audit recommendations are accepted.	Target met	Recommendation follow-up is undertaken by the Office of the Treasurer and Financial Comptroller. As this Annual Report was being completed, ILO management has not rejected any recommendations from the four audit reports issued in 2025. This compares to a 5 per cent rejection rate in 2024.
All auditors have completed at least 40 hours of continuing professional education.	Target not met	Two of the three auditors met their training target. The remaining auditor retires in 2026.
Average score of at least three out of four on the response to client satisfaction surveys.	Target not met	The IAO introduced a new survey in 2025, which provided more strategic data on client perceptions. The IAO's audits scored well on Impact and Results, but averaged 2.98 overall, indicating improvements were required on communicating audit criteria, use of graphics, data analytics and client engagement.

Source: IAO.

[5] ILC.112/FIN.

▶ Appendix I

Mission, vision and mandate

Mission

The Office of Internal Audit and Oversight (IAO) provides relevant, timely and high-quality internal audit and investigation services, and expert advice on governance, risk management and internal control processes, in order to:

- enhance the efficiency, effectiveness and economy of the ILO's operations;
- support management in promoting a continued ethical culture in the ILO; and thereby
- help advance the organizational objectives of a high-performing, influential ILO that is responsive to the needs of the constituents in pursuing its social justice mandate.

Vision

The vision of the IAO is to enhance and protect the ILO's value to its constituents and other internal and external stakeholders by providing independent, authoritative and insightful risk-based assurance, advice and investigations.

Mandate

The mandate of the IAO is enshrined in the ILO's Financial Regulations and Rules, and the Charter of the Office of Internal Audit and Oversight. The IAO aims to:

- assist the Office in accomplishing its strategic objectives by bringing a systematic and disciplined approach and suggesting ways to improve the effectiveness of governance, risk management and internal control processes; and
- enhance organizational value and protect the ILO's reputation by providing risk-based and objective assurance and advice as well as investigations into allegations of wrongdoing.

The IAO assists management in improving the ILO's operations and promotes transparency and accountability. The independent positioning of the IAO strengthens its oversight role and is a key element of the ILO's governance structure.

The investigation function plays a critical role in ensuring accountability by conducting independent fact-finding administrative investigations. It also supports the implementation and enforcement of the ILO's policy of zero tolerance towards fraud and corruption, sexual exploitation and abuse, acts of retaliation and other acts of wrongdoing. Moreover, the Director-General may ask the IAO to investigate a report of misconduct based on an allegation of harassment or discrimination, and when the procedure set out in article 13.4 of the Staff Regulations is not applicable.

The IAO's assurance and advisory services play a key role in assessing the ILO's systems of internal control. Assurance audits provide an independent and professional assessment of the effectiveness of internal control (governance, risk management and control activities) in those areas that have been subject to an audit, identifying areas for improvement as well as highlighting good practices as appropriate. The audits provide assurance to the Director-General, the Governing Body, the International Labour Conference and other stakeholders that systems of internal control are in place and working. The audits also provide recommendations for correcting control deficiencies and reducing inefficiency. The audit function helps to build confidence that the ILO spends the funds entrusted to it efficiently and effectively for the purposes intended.

The IAO's authority provides it with full, free and prompt access to all records, personnel, operations, functions and other material relevant to the subject matter under review.

The IAO conducts its activities in conformity with:

- the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors; and
- the Uniform Principles and Guidelines for Investigations as adopted by the Conference of International Investigators, and the IAO's Standard Operating Procedure for Investigations.

Appendix II

Statement of independence

The International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors require that the Director of Internal Audit and Oversight confirms at least annually the organizational independence of the Office of Internal Audit and Oversight (IAO).

During 2025, the organizational independence of the IAO continued to be ensured through the direct reporting line of the Director of Internal Audit and Oversight to the Director-General and through their access to the Independent Oversight Advisory Committee and to the Governing Body.

There were no circumstances of impairment to the independence of the IAO's assurance and investigation work, or in the scope, performance or communication of the work and results of the IAO. The IAO received the full support and cooperation of management in the conduct of its work.

Furthermore, the Assurance and Advisory Unit remained free from any conditions that could threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing and communication. Staff of the Assurance and Advisory Unit had no direct operational responsibility or authority over any of the activities under their review. They did not implement internal controls, develop procedures, install systems or engage in other activities that may impair their judgement.

Appendix III

Investigations completed in 2025

▶ **Substantiated** (16 cases concluded)

Number	Date issued	Location	Allegation
1–3	03.01.2025	Field	Allegations of fraud and misconduct concerning falsification of documents, undeclared conflicts of interest, procurement irregularities by an ILO Staff Member
4	16.07.2025	Headquarters	Allegations of engaging in a paid unauthorised outside activity by an ILO Staff Member
5	16.07.2025	Field	Allegation of altering information on ILO salary slips to obtain external credit by an ILO Staff Member
6	16.07.2025	Field	Allegation of undeclared conflict of interest linked to an unauthorised outside activity risking the integrity of a procurement process by an ILO Staff Member
7	21.08.2025	Field	Allegation of negligence resulting in the theft of a laptop by an ILO Staff Member
8	29.08.2025	Field	Allegation of manipulation of a procurement process by an ILO Staff Member
9	19.09.2025	Field	Allegation of theft of petrol and facilitating the unauthorised use of project motorcycles by another, by an ILO Staff Member
10	13.10.2025	Headquarters	Allegation of falsification of official documents regarding residency status to gain access to employment with the ILO by an ILO Staff Member
11	09.12.2025	Field	Allegation of falsification of ILO financial documents and unauthorised sharing with external parties to cover for poor performance by an ILO Staff Member
12	30.12.2025	Field	Allegations of engaging in a paid unauthorised outside activity by an ILO Staff Member
13	30.12.2025	Field	Allegation of an undeclared conflict of interest concerning a company in a procurement process by an ILO Staff Member
14	30.12.2025	Field	Allegation of an undeclared outside activity by an ILO Staff Member
15	30.12.2025	Field	Allegation of a fraud against the Staff Health Insurance Fund (SHIF)
16	30.12.2025	Field	Allegation of falsification of supporting documents by an ILO Implementing Partner

▶ **Unsubstantiated/inconclusive/referred/no further action** (103 cases concluded)

Number	Date issued	Location	Allegation
1–3	08.01.2025	Field	Allegations of undeclared conflicts of interest by two ILO Staff Members
4	08.01.2025	Field	Allegation of SEA investigated by another UN Agency ongoing against a former staff member who joined ILO before being officially informed of the investigation – case was referred to HRD for action
5	07.07.2025	Field	Allegations of sexual exploitation and abuse
6	08.07.2025	Field	Allegations of sexual exploitation and abuse by an ILO Staff Member
7	08.07.2025	Field	Allegations of historic sexual exploitation and abuse and/or sexual harassment by an ILO Staff Member
8	11.07.2025	Field	Allegations of retaliation against a former staff member by an ILO Staff Member
9	12.07.2025	Field	Allegations of retaliation against a former staff member by an ILO Staff Member
10	16.07.2025		Consolidated Report on cases against former staff closed by the IAO *(9 cases)*
11	16.07.2025		Report on cases closed or referred with no further action by the IAO (*23 cases)*
12	16.09.2025	Field	Allegations of misconduct (harassment) against an ILO staff member
13	14.10.2025	Field	Allegations of misconduct (harassment) against an ILO staff member
14	20.12.2025	Field	Allegations of an undeclared outside activity and conflict of interest against an ILO staff member
15	20.12.2025	Field	Allegations of an undeclared outside activity and conflict of interest against an ILO staff member
16	30.12.2025		Consolidated report on allegations against former staff (*8 cases*)
17	30.12.2025		Consolidated report on 52 allegations which the IAO has reviewed and determined no further action is needed (*50 cases*)

Appendix IV

Substantiated cases by category, completed in 2020–25

	2021	2022	2023	2024	2025	Total	%
Professional misconduct	4	4	7	7	5	27	37
Making fraudulent statements	2	3	6	2	1	14	19
Abuse of position		1	1	3	4	9	12
Harassment		1	2	3		6	8
Theft			1	2	1	4	5
SEA		1	1	1		3	4
Other				2		2	3
Bribery and corruption				2		2	3
Externally perpetrated fraud			1		1	2	3
False accounting					2	2	3
Forgery					2	2	3
Total	**6**	**10**	**19**	**22**	**16**	**73**	**100**

▶ Appendix V

Assurance and advisory reports issued in 2025

Headquarters and thematic assurance reports

▶ Travel on official business

Conclusion	• The ILO's arrangements for managing official travel provide reasonable assurance on governance, risk management and internal controls, but improvements are needed on the strategy for delivering key corporate commitments on travel and on monitoring key challenges.
Strengths	• Well-defined structure for managing travel. • Regular budget travel costs and the volume of tickets fell in 2024 in accordance with a commitment in the 2024–25 Programme and Budget, by 7.1 per cent and 10 per cent respectively.
Main action points	• Develop a more formal strategy and reporting mechanisms for administrative commitments in the Programme and Budget. • Reinforce and standardize segregation of duties over the approval of the travel of country office and headquarters Directors. • Improve monitoring, management information and related dashboards.

Assurance reports on field offices

▶ Decent Work Team for North Africa and Country Office for Egypt and Eritrea

Conclusion	• There is reasonable assurance that governance, risk management and internal controls are generally adequate, but strengthened planning, monitoring, procurement and risk management would further improve the robustness of processes in place.
Strengths	• Improved procurement oversight through stronger review, training, and better use of competitive processes. • Enhanced monitoring and evaluation, including new minimum standards and a dedicated Monitoring and Evaluation Officer role. • Effective staff resource pooling and cross-functional collaboration supporting development cooperation (DC) project delivery. • Positive progress on DWCP Egypt and appropriate management of RBTC funds, Operations Management Team (OMT) participation, and staff gender balance (56 per cent female).
Main action points	• Improve tracking and monitoring of Country Programme Outcome (CPO) deliverables. • Strengthen controls over advances to implementing partners to ensure smaller, milestone-aligned disbursements and timely settlement. • The use of direct procurement has fallen but needs to reduce further to meet best practice.

▶ Jordan Project Office

Conclusion

- There is reasonable assurance that governance, risk management and internal controls are generally in place and functioning, but improvements are needed to strengthen resilience and ensure objectives are fully achieved.

Strengths

- Strong delivery of project outputs and good compliance with donor requirements.
- Robust and documented procurement and financial controls in place with regional/headquarters oversight.
- Positive beneficiary feedback and solid safety and duty-of-care measures.

Main action points

- Reduce reliance on a single staff member and introduce a centralized document management system.
- Standardize project management, stakeholder engagement, and field visit reporting.
- Update and maintain risk registers and strengthen the Business Continuity Plan.
- Enforce procurement rules: vendor evaluations, competitive bidding, proper approvals, and complete documentation.
- Strengthen invoice verification, ensure value for money in vehicle rental arrangements, and improve cost allocation across projects.
- Ensure budget monitoring and workplans are standardized, approved, and regularly updated.

▶ Short-term and external collaborators at the Turin Centre

Conclusion

- Governance, risk management and internal controls are generally in place and functioning, but improvements are needed to strengthen operational processes.

Strengths

- Recruitment is generally appropriate and justified, with balanced gender distribution (49.4 per cent female/50.6 per cent male).
- Managers engage external collaborators at reasonable rates and the Centre has implemented AI-mitigation controls for written tests, considered good practice.

Main action points

- Document procedures for the recruitment of short-term staff and external collaborators need to be documented.
- Create a roster for external collaborators and strengthen the roster for General Service staff.
- Improve visibility and advertising of vacancies and short-term rosters to expand the candidate pool.
- Strengthen background checks, especially relating to credentials and use of ClearCheck.