INTERNATIONAL LABOUR OFFICE

Governing Body
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Programme, Financial and Administrative Section
Audit and Oversight Segment

PFA

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FOURTH ITEM ON THE AGENDA

Follow-up to the report of the Chief Internal Auditor for the year ended 31 December 2010

Purpose of the document

This paper provides details of actions undertaken by the Office as follow-up to the Chief Internal Auditor's recommendations for 2010. The Governing Body is invited to discuss them and provide guidance on the way forward.

Relevant strategic objective: Not applicable.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Decision required: The document is submitted for debate and guidance.

Follow-up action required: None.

Author unit: Financial Services Department (FINANCE).

Related document: GB.310/PFA/5/2.

1. At the 310th Session (March 2011) of the Governing Body, the Programme, Financial and Administrative Committee considered the report of the Chief Internal Auditor on significant findings resulting from internal audit and investigation assignments undertaken in 2010. This paper addresses follow-up action taken by the Office on the Chief Internal Auditor's 2010 recommendations.

2. The Chief Internal Auditor's overall assessment for 2010 was that there was no material weakness in the ILO's overall system of internal control. His recommendations for improvements in the areas covered by the report are set out in Appendix I, together with the Office's responses and details of follow-up action taken. Appendix II contains a list of internal audit reports issued in 2010 and the status of the Office's follow-up.

3. ILO management continues to work in close liaison with the Office of Internal Audit and Oversight (IAO) in order to derive full benefit from its recommendations, and to ensure that these are followed up and effectively implemented.

Appendix I

Recommendation No.	Recommendation	Office response	Implementation status	Completion date
1	As the letter of representation is an important element of an accountability framework, the Office should continue to review the contents of it on a regular basis, adapting it in line with experience gained from its application and further developments in the ILO's accountability framework.	The Office implemented this initiative as a key element of the accountability framework and therefore agrees with the view of the Chief Internal Auditor. The Office has reviewed the content of the letter of representation prior to its publication each year and will continue this practice.	Completed	31 December 2010
2	The IAO believes that there is an opportunity for further coordination of risk-management initiatives across the Office as a whole so that the results of individual risk-assessment exercises and practices can be leveraged and fed into the strategic risk register as necessary. The IAO therefore suggests that the Office, taking into consideration available resources and other priorities, develop guidance to assist responsible managers to give effect to the ILO's risk management policy, and thereby improve coordination and effectiveness of the risk-management processes across the ILO.	The Management and Administration Sector is leading a review of policies, procedures and practices related to risk. The immediate goal is to design a stronger system for internal risk governance. An Office Procedure and an Office Guideline have been prepared and circulated for comments. Discussions are currently under way with an external consultant to help with the development of a risk-management governance framework. The consultant will also provide inputs to update the Office's risk-management policy (if necessary) and to finalize the procedures and guidelines. This work is expected to be completed in early 2012. Risk management is being incorporated in the Human Resources Development Department (HRD)'s new e-learning programme as a "cross-cutting" theme. Risk management considerations will be included across all functional areas in the training programme. Its development is scheduled to be completed by 31 March 2012 and will be mandatory for all managers.	In progress	31 March 2012
3	Given the importance of training of this nature, the IAO suggests that, subject to availability of resources and alignment with other priorities, the accountability training programme should be:	The Office is addressing this issue in three steps (as reported to the Independent Oversight Advisory Committee in September 2011): (1) E-learning programme on internal governance and accountability: The Office is currently developing an internal governance and accountability training programme aimed at providing staff members with the knowledge required to understand their accountability for decisions taken in the fulfilment of their responsibilities. The first part of the programme will	In progress	31 March 2012

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		include the key governance and accountability messages from FINANCE, HRD, Partnerships and Development Cooperation Department, PROCUREMENT and PROGRAM, as well as cross-cutting aspects such as legal services, gender equality issues, ethics and risk management. The programme should foster accountability through better understanding of the concepts and the reasons why rules and regulations were established. It will be mandatory for all staff. In the new biennium, HRD will make sure that accountability training is integrated into the performance management forms in such a way that all staff are measured on their completion of the programme. The English version is expected to be finalized in early 2012 and will be followed by the French and Spanish versions.		
	■ made available as soon as is practical to all officials who exercise a stewardship role over ILO resources and assets; and	(2) Internal Governance Document System (IGDS) manuals: As a part of the internal governance programme, binders to cover the main areas of governance will be produced. They will contain indexed IGDS documents with cover notes for each key subject. As the scope is broad and will require collaboration and contribution from all main areas of governance, HRD will coordinate this effort in the course of the 2012–13 biennium, with a view to having a complete set by the end of 2013.	In progress	31 December 2013
	■ a regular ongoing training module to provide initial training for newcomers to managerial responsibilities, as well as refresher courses for relevant officials on these core topics.	(3) Procedural training workshops: A number of workshops on procedures are already in place and being delivered on an ongoing basis, such as the training on project management, procurement, results-based management, IPSAS and HR procedures. They will continue to be organized at headquarters, regional level or a specific country office. In 2012–13, a dedicated training team from relevant departments will be established in order to deliver such workshops, in a coordinated manner, as part of the ongoing central training activities managed by HRD.	In progress	31 December 2013

Recommendation No.	Recommendation	Office response	Implementation status	Completion date
4	As developing and updating recruitment policies and procedures is a work in progress, the IAO recommends that the Office should identify areas of the recruitment process that could still benefit from clearer policy statements, more detailed practical guidance, and streamlining of procedures.	In March 2011, HRD developed a step-by-step guide for managers on the Recruitment, Assignment and Placement System (RAPS), covering the different stages of the RAPS process. Regular communications are sent out at each stage. Some of the policies and procedures related to recruitment require negotiations with the Staff Union. These are on the agenda of the current Administration–Staff Union mediation process.	In progress	March 2011 for RAPS step-by-step guide. Other policy issues are pending outcome of Administration–Staff Union mediation.
5	The IAO was informed that indicators are in the process of being developed, and it encourages the Office to complete the development of an effective series of performance indicators for each of the other six RAPS objectives.	HRD constantly monitors the RAPS' results and the extent to which they meet the stated objectives. After completion of RAPS/1/2010 and RAPS/1/2011, surveys were sent to all managers who participated in the processes. The responses to both surveys have been used to improve and adjust the process. Regular RAPS statistics are made available on the internal and external ILO websites and are used to monitor the recruitment process. A set of performance indicators including those established since 2008 and those newly added in 2011, have been identified and documented in collaboration with PROGRAM. These indicators will be closely monitored for each RAPS round in order to assess the effectiveness of its seven objectives.	Completed	30 September 2011
6	As the volume of activity in any given office can change over time, the IAO suggests that the Office periodically review if there is a necessity, and resources, for DWT and country offices to establish a deputy director post in order to support the office director in the management of day-to-day operations.	Within the revised field structure, all regional offices have deputy directors with dedicated authority on policy and on management. In addition, ten out of 13 Decent Work Technical Support Teams (DWTs) have a deputy director. In several country offices there is a deputy director as well, while in others, a programming officer supports the Director with the management of day-to-day operations. The most common arrangement is for a national officer to support the Director on the management of day-to-day operations. When vacancies arise, consideration is given to the need of modifying the responsibilities of the vacant post.	Completed	31 December 2010

Recommendation No.	Recommendation	Office response	Implementation status	Completion date
7	The Office should develop guidance, based on the report's findings, to assist officials responsible for the development of knowledge-sharing and community-of-practice platforms in their task of establishing effective security protocols to help protect the integrity of the platform and information contained therein.	In May 2011, the ILO IT Security Officer published non-technology-specific guidance for addressing IT security issues for web-based information-sharing systems. This guidance was developed in accordance with the ILO Electronic Information Security Policy Statements and is applicable to both internally and externally developed and operated web systems. This document is posted on the Office's Intranet. Additionally, departments at headquarters and field offices have been advised of the distribution of unit responsibilities for overall web policy development, content management and architecture, design and navigation aspects of the ILO public and Intranet sites, as well as the technical infrastructure and security protocols.	Completed	31 May 2011
8	With the aim of facilitating a more timely response, the IAO suggests that the roles and responsibilities between the office of the Treasurer and Financial Comptroller and regional offices be reviewed, in order to assess if there is scope for intervention at the regional level to help ensure that deadlines for response to internal audit recommendations are respected.	The internal governance documents pertaining to roles and responsibilities for audit follow up were amended in September 2011 to clarify the role of Regional Directors and Executive Directors.	Completed	1 September 2011
9	The IAO therefore recommends that the Office consider developing a system to regularly analyse recurring findings, assess their risk to the Organization, and determine if a solution can be found centrally to assist managers in the field to take preventive action as necessary.	The Office and the IAO will investigate the use of audit software to compile information on frequent audit findings in both the field and headquarters. The list of frequent findings could be disseminated either through the ILO Intranet or the IGDS, as deemed most appropriate. The IAO is also discussing with the Office the feasibility of supplementing the existing broadly disseminated information with an annual internal management letter, highlighting frequent findings.	In progress	30 June 2012

Appendix II

List of internal audit reports issued in 2010

Title	IAO reference	Date	Implementation status	Completion date
Regional Office for Asia and the Pacific and the ILO Subregional Office for East Asia in Bangkok, Thailand	IAO/26/2009	4 March 2010	Completed	2 November 2010
ILO operations in Timor-Leste	IAO/27/2009	30 March 2010	Completed	2 November 2010
ILO Country Office for Indonesia in Jakarta	IAO/28/2009	30 June 2010	Completed	8 December 2010
Recruitment in the ILO	IAO/29/2009	12 August 2010	Completed	7 March 2011
Management of technical cooperation projects in Jordan	IAO/30/2010	19 October 2010	Completed	5 December 2011