INTERNATIONAL LABOUR OFFICE

Governing Body
338th Session, Geneva, 12–26 March 2020

GB.338/PFA/INF/4

Programme, Financial and Administrative Section

PFA

FOR INFORMATION

Date: 5 February 2020
Original: English

Follow-up to the report of the Chief Internal Auditor for the year ended 31 December 2018

Summary: This document provides information on actions undertaken by the Office as follow-up to the Chief Internal Auditor's recommendations for 2018.

Author unit: Office of the Treasurer and Financial Comptroller (TR/CF).

Related documents: GB.335/PFA/7 and GB.335/PV, paras 941–963.

1. At its 335th Session (March 2019), the Governing Body considered the report of the Chief Internal Auditor on significant findings resulting from internal audit and investigation assignments undertaken in 2018. [1] This document provides information on follow-up action taken by the Office on the Chief Internal Auditor's recommendations for 2018.

2. The Chief Internal Auditor's 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 2018 and the status of the Office's follow-up.

3. ILO management is continuing 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 follow-up action is taken and that the recommendations are effectively implemented.

[1] GB.335/PFA/7.

Appendix I

Recommendation title	Recommendation	Office response	Implementation status	Completion date
Internal Audit of the Invoice Automation and Optical Character Recognition Project	The IAO understands that savings are not always the main aim of a project, as its purpose may be to improve the effectiveness and efficiency of a process or replace obsolete technologies. Nevertheless, the Office should develop basic guidelines to assist managers in determining meaningful key performance indicators (KPIs) when preparing a project proposal, including how return on investments can be better determined and measured if savings are anticipated in a project proposal.	The Office has developed a series of templates and guidelines to assist with the formulation of the business case and total cost of ownership for IT-related projects. The relevant templates and guidelines have been modified to assist with the formulation of KPIs and the calculation of return on investment. These documents are available on the ILO intranet.	Implemented	January 2019
Report on the internal audit of the Better Work Branch	The audit of Better Work elaborated on two good practices. First, Better Work developed a number of websites dedicated to knowledge-sharing, containing much useful information and serving as a repository of data. The applicability of the sites to the Office's current knowledge-sharing initiatives could be studied.	The Office has reviewed each of the six websites and the associated content implemented by Better Work to determine whether they are applicable to the Office's current knowledge-sharing initiatives. In most cases, the Office either already has systems in place, or is in the process of implementing systems that are a better fit for the broader use required elsewhere in the Office. It has therefore been concluded that these sites are specific to Better Work and not applicable for general Office-wide use.	Implemented	June 2019
	The second good practice was the development of a fraud risk assessment and risk register by Better Work's Better Factories Cambodia programme. With the assistance of the ILO's Senior Risk Officer, additional training was provided on risk matters together with mitigating actions and a process for the programme to maintain and update its assessments. This is a good initiative to institutionalize the practice of fraud awareness and risk management in the Better Work programme. The Office should assess whether this approach could be replicated in other departments and projects of the ILO, resources permitting.	While advising on the development and updating of risk registers, the Senior Risk Officer provides advice on potential exposures to fraud and mitigation actions, including, as necessary, the generation of separate fraud risk registers. The Office will continue to implement this approach.	Implemented	Ongoing

Recommendation title	Recommendation	Office response	Implementation status	Completion date
Banking	The Office should take appropriate action to reinforce the message to field office directors that it is their responsibility to ensure signatory lists are updated and to follow up with the bank as necessary to check that changes have been fully effected.	The responsibilities for banking operations are clearly defined in the Office Directive “Operation of bank accounts” and the Office Procedure "Banking arrangements applicable to external offices”. In the context of the internal letter of representation self-certification process, field office directors are requested on a yearly basis to declare that the list of authorized bank signatories in their office is accurate and up to date. The annual certification serves as a regular strengthening of financial controls. However, it is noted that, on a number of occasions, banking partners did not act on instructions sent by the Office to amend and update signatory panels, resulting in discrepancies between those requested by the Office and those actually recognized by the bank. Therefore, in 2019 the Office launched a comprehensive confirmation process with all of the ILO’s banks in field offices, requesting that each bank confirm the recognized signatories. The Office has received responses from most of them and is continuing to follow up with the remaining banks. As a result of the ongoing changes in personnel and operational requirements, this confirmation process will be performed on a regular basis.	Implemented	Throughout 2019
Financial systems	The Office envisioned that the IRIS reporting dashboard would be implemented by the end of 2018. As at the time of reporting, the dashboard had not been rolled out. The IAO encourages the Office to finalize and roll out the dashboard as soon as is practical, taking into account user needs.	The IRIS Reporting Dashboard has been progressively rolled out since April 2019 and is now fully operational.	Implemented	April 2019

Recommendation title	Recommendation	Office response	Implementation status	Completion date
External collaboration contracts	In order to minimize physical risks to external collaborators, management should ensure that a contract is signed only once the external collaborator has provided evidence that he or she has completed the online course of the United Nations Department of Safety and Security (UNDSS), and when necessary obtained UNDSS security clearance.	In May 2019, the Office issued a broadcast to all staff about the new online security training, BSAFE – which is mandatory for all United Nations personnel, including interns and consultants – and made the BSAFE certificate compulsory as of 1 July 2019. In addition, the Office is currently reviewing Office Directive No. 224 on external collaboration contracts. A draft revised version is being circulated for discussion, which will reflect this recommendation by requiring that departments at headquarters and field offices ensure that all external collaborators complete the applicable UNDSS security training courses, and when necessary obtain the security clearance, before signing the external collaborator contracts. It is expected that the revised directive will be published by the second quarter of 2020.	Partially implemented	Second quarter of 2020 (update of Office directive)
	Nevertheless, given that external collaborators are one of the main means of ILO intervention, the Office should keep the IAO's recommendation in mind and develop an Office-wide roster when resources permit and when such a development would not infringe on other strategic IT priorities.	The Office has already developed a database in IRIS for all external collaborators, which contains their personal information and a breakdown of contracts by duration, amounts and other basic data. Several departments and branches already have their own roster systems in place, such as the roster of external collaborators performing linguistic tasks. The feasibility of adapting one of the existing IT systems in order to centralize the sourcing of external collaborators at minimal cost is also being considered. If such a system is identified, a proposal will be made to the IT Governance Committee for review and approval, among other strategic IT priorities.	Partially implemented	Second quarter of 2020 (Office-wide roster system)

Appendix II

List of internal audit reports issued in 2018

Title	IAO reference	Date	Implementation status *	Completion date
Report on the Internal Audit of Payroll and HR Oracle Modules	IAO/1/2018	6 February 2018	Complete	15 May 2018
Report on the Internal Audit of the ILO Country Office for Algeria, Libya, Mauritania, Morocco and Tunisia, in Algiers	IAO/2/2018	14 March 2018	Complete	3 September 2018
Report on the Internal Audit of the Better Work Branch	IAO/4/2018	26 April 2018	Complete	12 September 2018
Report on the Internal Audit of the Invoice Automation and Optical Character Recognition Project at ILO Headquarters	IAO/3/2018	4 May 2018	Complete	3 August 2018
Report on the Internal Audit of the ILO Liaison Officer for Myanmar	IAO/5/2018	5 June 2018	Complete	13 September 2018
Follow-up to the Internal Audit Report on the Review of the Payment Process of ILO SHIF Claims and Review of Application Security of the Health Insurance Information System	IAO/6/2018	10 October 2018	Complete	6 December 2019
Report on the Internal Audit of the ILO Regional Office for Latin America and the Caribbean and the ILO Decent Work Technical Support Team and Country Office for the Andean Countries in Lima, Peru	IAO/7/2018	30 October 2018	Complete	31 January 2019
Report on the Internal Audit of the ILO Country Office for the United Republic of Tanzania, Burundi, Kenya, Rwanda and Uganda, in Dar es Salaam	IAO/8/2018	7 December 2018	Complete	18 June 2019

* Complete = Implementation report submitted to Chief Internal Auditor.