International Labour Organization

▶ GB.350/PFA/7/2

Governing Body

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Programme, Financial and Administrative Section PFA

Audit and Oversight Segment

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Seventh item on the agenda

Follow-up to the report of the Chief Internal Auditor for the year ended 31 December 2022

1. The Chief Internal Auditor submitted his report on significant findings resulting from internal audit and investigation assignments undertaken in 2022 for consideration at the 347th Session (March 2023) of the Governing Body. [1]

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 2022 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.

▶ Draft decision

4. **The Governing Body took note of the information contained in the Appendices I and II of document GB.350/PFA/7/2 and provided guidance to the Office.**

[1] GB.347/PFA/8.

Appendix I

Follow-up action taken by the Office on the Chief Internal Auditor's recommendations for 2022

Recommendation title	Recommendation	Office response	Implementation status	Completion date (actual or targeted)
Business Process Review: Project Governance	(Paragraphs 23–26) With respect to any future major project, management should put in place a system to formally document all discussions justifying key decisions. This would enhance transparency and accountability.	The Office agrees with this recommendation. A system to formally document all discussions justifying key decisions already exists and will continue to be considered for future projects. For information technology development projects under the responsibility of the Information and Technology Management Department (INFOTEC), there are three categories: • Category A - an initiative that impacts the Office as a whole and requires the approval of the Information Technology Governance Committee (ITGC), which is typically more complex and requires a larger amount of time to evaluate and cost; • Category B-Custom – an initiative that impacts a few departments, offices or a cluster, for which the solution does not readily exist and as such the project needs to be evaluated and costed but with a smaller investment of time and effort; • Category B-standard – an initiative for which a solution and a standard cost exists in the ILO. The approval minutes of the ITGC for Category A projects are preserved by INFOTEC and any implementation option selected is documented with justifications. Category A and Category B-Custom projects are managed using: 1) a project charter, which explains what needs to be done; 2) a project plan, which explains how and when it will be done; and 3) monthly status reports, which describe progress against predetermined delivery dates, project scope and	Fully implemented	Ongoing basis

Recommendation title	Recommendation	Office response	Implementation status	Completion date (actual or targeted)
		project budget. In addition, Category A projects that are particularly complex also have a "lessons learned" document associated with them. As far as the headquarters building renovation project and other major renovation projects in field offices (e.g. ILO-owned building in Abidjan) are concerned, proper governance structure is in place through the steering committees and supported by project teams. Major decisions on options with justifications are presented to the Governing Body for approval and decisions are recorded in the Governing Body minutes. As far as the headquarters building renovation project and other major renovation projects in field offices (e.g ILO-owned building in Abidjan) are concerned, proper governance structure is in place through the steering committees and supported by project teams. Major decisions on options with justifications are presented to the Governing Body for approval and decisions are recorded in the Governing Body minutes.		
Business Process Review: Project documentation	(Paragraphs 23–26) For future large projects, management should establish a single repository for project documentation containing all primary records and pertinent documents, taking into consideration the need to maintain the confidentiality of some documentation.	The Office agrees with this recommendation. Project document repositories already exist and will continue to be maintained in future projects. For information technology development projects (as mentioned in the recommendation above) managed by INFOTEC, the project charters and status reports are posted to a centralized repository accessible to all INFOTEC staff. Where project teams cross organizational boundaries, there is often a temporary Teams site set up for the duration of the project to facilitate document sharing. As far as the headquarters building renovation project and other major renovation projects in field offices (e.g. ILO-owned building in Abidjan) are concerned, it should be noted that in the construction world, meeting minutes of construction coordination meetings,	Fully implemented	Ongoing basis

Recommendation title	Recommendation	Office response	Implementation status	Completion date (actual or targeted)
		execution drawings, etc. are recognized as legal documents and hence mandatorily maintained.		
ILO Sexual Harassment Policy: Policy update, communication and training	(Paragraphs 27–29) ILO Sexual Harassment Policy: The Office should build on progress made on issues concerning sexual harassment in the ILO. In particular, the Office should review and update its policy as necessary, including the procedures to report and communicate allegations of sexual harassment, and finalize and roll out its training module on preventing and responding to sexual harassment.	The Office agrees with this recommendation. The Human Resources Development Department (HRD) is currently working on proposals for the revision of the collective agreement on Anti-Harassment policy and the conflict resolution procedure under Article 13.4 of the Staff Regulations, incorporating the recommendations from internal audit, and will negotiate the reformed text with the Staff Union. This work is targeted for completion by June 2024. With regard to procedures for reporting and communication, the principle of victim centred approach has been included in the latest IGDS on sexual misconduct, in the guide for managers on prevention and response to violence and harassment at work, and in the “ILO Code of conduct for prevention of all forms of violence and harassment at ILO events”. These three documents specify a victim centred approach and detail the reporting procedure, focal points contact details, and investigation process. Further discussions on the follow-up to this recommendation has been organized with the Ethics Officer and the Staff Welfare Officer. With regard to training, a mandatory online training module entitled “United to Respect: Preventing abuse of authority, harassment, sexual harassment and discrimination” has been launched and reminders are automatically sent to ILO staff who have not completed it. Furthermore, possibilities are being explored with the Mediator and the Staff Union to enhance efforts to promote a respectful workplace environment and eliminate violence and harassment from ILO workplaces, which can include workshops at specific duty stations.	Partially implemented	Update of Anti-Harassment policy (2024)

Recommendation title	Recommendation	Office response	Implementation status	Completion date (actual or targeted)
PROSPECTS: Mobile payments	(Paragraphs 32–36) The IAO has raised the issue of moving from cash payments to mobile payments in previous reports. The IAO understands that the Office is implementing a pilot programme to enable the use of mobile payments among other means of disbursement, where applicable, and encourages the Office to prioritize this.	The Office agrees with this recommendation. The Financial Management Department (FINANCE) has been working on the implementation of the mobile wallet payment solution in countries where the required facility exists with the partner banks. In March 2023, mobile wallet payment in Kenya was implemented with Standard Chartered Bank (SCB). Implementation at other locations working with SCB will continue in 2023 and 2024. Implementation at locations working with Citibank is planned for 2024.	Implementation in progress	Kenya (2023) Other locations subject to banking facilities (2024)
PROSPECTS: Resource planning	(Paragraphs 32–36) The Office should assess whether the standard operating procedures codifying processes for requesting and reporting on work months to support projects could be applied to all relevant officials. The IAO understands that this may have implications for a wide range of staff for whom work months are issued and that it may require awareness-raising on the importance of record-keeping. However, this change could improve reporting of results at the project and programme levels.	The Office agrees with this recommendation. An initial consultation has taken place among management departments on the challenges in terms of determining work month allocation for providing support to projects, as well as for the reporting on performance. The Office aims at developing standard operating procedures codifying the relevant processes for requesting and reporting on work months in 2024.	Implementation in progress	Standard operating procedures (2024)

Recommendation title	Recommendation	Office response	Implementation status	Completion date (actual or targeted)
Field audits: External collaboration contracts	Paragraphs 32–36) Issuing contracts to bridge breaks in project funding is an Office-wide issue that has been identified in previous field audits. Although the issuance of external collaboration contracts was exceptional in the case reviewed, the Office should strongly discourage it and should formulate a policy on how such situations can be managed effectively on a consistent basis.	The Office notes this recommendation. It was related to a specific case in one of the field offices audited during 2022. Since the audit, the Country Office concerned has consulted with the headquarters departments about the particular cases and solutions were found to bridge contract extension of project staff on a temporary and reimbursable basis. While the need for the formulation of a policy on contract-bridging situations for Development Cooperation project staff will be examined, appropriate arrangements will continue to be made and guidance provided by headquarters on a case-by-case basis, duly noting the difference in nature between external collaboration contracts and employment contracts.	Fully implemented	Ongoing basis
Field audits: Electronic signatures	(Paragraphs 41–42) The IAO noted that decisions have been taken at the local level to use electronic signatures. This exposes the ILO to unnecessary legal and financial risks. Pending any decision to implement Office-wide use of electronic signatures, the IAO recommends that the Office should reinforce the instructions from the Financial Management Department that it is not the ILO's policy to use electronic signatures and that staff should stop using them in those locations where they have been applied.	The Office notes this recommendation. It was related to the use of a specific electronic signature tool (AbodeSign) for internal documents between a project office and the administrative Country Office located in another country. Upon review of the scenarios involving electronic signatures, it has been concluded that AbodeSign is not the viable solution for internal communications and for collecting approval signatures, as it is not amongst the approved software applications available to ILO officials. The Office is currently reviewing other existing technological solutions for electronic signatures, as follows: • For internal documents, the use of a digital certificate provided by Acrobat Reader's built-in digital certificate has been piloted. The solution provides authentication to a signature added electronically, provided that the user has done so using an ILO laptop connected to the ILO network or VPN. The solution will be rolled out in 2024.	Implementation in progress	Internal documents (2024) External documents (2024–25)

Recommendation title	Recommendation	Office response	Implementation status	Completion date (actual or targeted)
		• For external documents, a pilot project on the use of DocuSign solution provided through United Nations International Computing Centre is ongoing, which will require legal clearance before being implemented.		

Appendix II

List of internal audit reports issued in 2022

Title	IAO reference	Date	Implementation status *	Completion date
Minute on the E-Voting System Security Assessment for the ILO Director-General Election	IA 1-22	04.07.2022	Complete	30.08.2022
Report on the Internal Audit of Accounts Payable at ILO Headquarters	IAO/01/2022	07.04.2022	Complete	21.06.2022
Minute on the Information Security Data Breach on Decent Work for Youth Website	IA 2-22	15.06.2022	Complete	31.08.2022
Report on the Audit of the ILO Country Office for Indonesia and Timor-Leste (CO-Jakarta)	IAO/02/2022	05.07.2022	Complete	30.08.2022
Minute on the Information Security Data Breach on FACILITIES Computer Network	IA 3-22	15.07.2022	Complete	18.08.2022
Report on the Audit of the PROSPECTS – Inclusive jobs and education for refugees and host communities in Kenya	IAO/03/2022	07.12.2022	Complete	19.07.2023
Report on the Internal Audit of the Business Process Review at ILO Headquarters	IAO/04/2022	07.12.2022	Complete	25.04.2023
Report on the Internal Audit of the Effectiveness of the ILO Sexual Harassment Policy and Implementation	IAO/05/2022	07.12.2022	Complete	18.04.2023
Report on the Internal Audit of the Staff Health Insurance Fund at ILO Headquarters	IAO/06/2022	09.12.2022	Complete	03.04.2023
Report on the Internal Audit of PROSPECTS – Inclusive jobs and education for refugees and host communities in Lebanon	IAO/07/2022	16.12.2022	Complete	09.03.2023
Report on the Internal Audit of PROSPECTS – Inclusive jobs and education for refugees and host communities in Jordan	IAO/08/2022	16.12.2022	Complete	24.03.2023
Report on the Audit of the Partnership for improving prospects for forcibly displaced persons and host communities (PROSPECTS) programme at Headquarters	IAO/09/2022	20.12.2022	Complete	19.07.2023

** Complete = Implementation report submitted to the Chief Internal Auditor.*