Ninth item on the agenda

Report of the Chief Internal Auditor for the year ended 31 December 2021

Purpose of the document

This document contains the report of the Chief Internal Auditor on the activities of the Office of Internal Audit and Oversight, including significant findings resulting from internal audit and investigation assignments conducted during 2021, for consideration by the Governing Body (see the draft decision in paragraph 4).

Relevant strategic objective: None.

Main relevant outcome: Enabling outcome B: Effective and efficient governance of the Organization.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Follow-up action required: The Office to provide follow-up.

Author unit: Office of Internal Audit and Oversight (IAO).

1. In accordance with the decision taken by the Governing Body at its 267th Session (November 1996), the Director-General transmits herewith the report of the Chief Internal Auditor on significant findings resulting from audit and investigation assignments carried out during 2021.

2. The Director-General considers the work performed by the Chief Internal Auditor 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 are thoroughly evaluated and there is constant dialogue between managers and the Chief Internal Auditor to give effect to them.

3. Investigation work undertaken by the Chief Internal Auditor 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.

**Draft decision**

Report of the Chief Internal Auditor on significant findings resulting from internal audit and investigation assignments undertaken in 2021

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Introduction

Vision

1. To enhance and protect the ILO’s value to its constituents and other internal and external stakeholders by providing independent and authoritative risk-based assurance, advice, investigations and insight.

Mission

2. The Office of Internal Audit and Oversight (IAO) shall aim to provide relevant, timely and high-quality internal audit and investigation services. Through its activities, it will support the organizational objectives of a high performing, influential ILO, responsive to the needs of constituents in pursuing its social justice mandate. The IAO will provide expert advice on governance, risk management and internal control processes to enhance the efficiency, effectiveness and economy of the ILO’s operations, and support management to promote a continued ethical culture in the ILO.

Mandate

3. The IAO of the ILO fulfils an internal independent oversight function, as established under article 30(d) of the Financial Regulations and Chapter XIV of the Financial Rules. Its mandate is further underpinned by its Governing Body-approved Audit and Investigation Charters.

4. The IAO’s mandate includes responsibility to conduct fact-finding investigations into allegations of financial or administrative misconduct and other irregular activities. Since 11 November 2019, the IAO’s mandate has been clarified to include the authority to conduct investigations into allegations of sexual exploitation and abuse and allegations of retaliation against whistle-blowers referred by the Ethics Officer.

5. The IAO does not develop or install procedures or engage in any activity that it would normally review or appraise, or which could be construed as compromising either its independence or objectivity. Under Chapter XIV of the Financial Rules and its Audit and Investigation Charters, the IAO has full, free and prompt access to all records, personnel, operations, functions and other material relevant to the subject matter under review.

6. The IAO conducts its activities in conformity with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (the IIA Standards), the Uniform Principles and Guidelines for Investigations as adopted by the Conference of International Investigators of the United Nations Organizations and Multilateral Financial Institutions, and the IAO’s Standard Operating Procedure for Investigations.

Statement of independence

7. The Chief Internal Auditor confirms his independence and that the IAO’s activities have been carried out free from interference by management or other stakeholders.
Summary of activities

8. This section provides a brief overview of the main activities undertaken by the IAO in 2021.

Assurance audits

9. In 2021, the coronavirus (COVID-19) pandemic continued to affect work procedures. ILO offices continued teleworking intermittently throughout the year. New working methods, devised in 2020 during the first waves of contagion, continuously proved necessary. Mission travel continued to be restricted, and staff in field offices had varying working conditions. In general, the IAO’s staff could not meet with auditees or visit offices. However, lessons learned during the first year of the pandemic assisted the IAO in better adjusting its plans and activities. The IAO continued to use its long-term agreement with a consultancy firm with global outreach to undertake audit work in certain locations where this proved possible. During the pandemic, the IAO has adjusted and put in place certain working procedures and a methodology that may be applied in its future post-pandemic work.

10. The IAO issued four assurance audit reports and, on request, one verification exercise during the year. The assurance audits covered two field office locations, in Asia and the Pacific and Latin America and the Caribbean, and two headquarters-related reports (see Appendix I). The verification exercise addressed a development cooperation project in the Asia and the Pacific region. During 2021, the IAO was in the process of completing a further six audit assignments, which are in various stages of reporting. The Chief Internal Auditor will present a summary of the findings of those assignments to the Governing Body at its 347th Session (March 2023) along with audits undertaken during 2022.

Summary of audit results

11. In the audit reports and verification memo issued in 2021, the IAO made 37 recommendations: 35 arising from the assurance audits and two from the verification. The IAO assessed the assurance audit recommendations to be of varying significance, with levels of critical, high, medium and low importance.

12. The IAO’s analysis of audit findings in 2021 by region and at headquarters and by significance is shown in figure 1.
Following its 2021 activities, the IAO is making six strategic recommendations in this report for consideration by the Office. They are as follows:

- **The IAO suggests that, when revising the internal procedures (on grants), the Office should consider these and other findings that the IAO has reported on with respect to grants.**

- **The IAO recommends that the Office should review the granting of exceptional (IRIS) access rights to process the purchase of goods without approval and consider whether there is scope to reduce the number of officials granted this privilege.**

- **The IAO believes that there is further scope to strengthen guidance on monitoring of implementing partners to ensure greater consistency across projects and recommends that the Office should review current guidelines and reinforce accountability.**

- **The IAO repeats its recommendation from previous reports that the Office should promptly update bank signatory lists and punctually inform partner banks when changes to signatory lists are required (see also the finding under e-banking).**

- **In the case of small offices with limited numbers of financial staff, the Office should consider adopting the model of identifying officials from other offices within the same region to serve as replacement signatories when staff are on leave or absent for extended periods.**

- **The COVID-19 pandemic has obliged the Office to review its working procedures and alter its ways of delivering services. These changes should be reflected in the business continuity plans of offices, projects and departments to ensure that new processes have been documented, are understood by all staff and serve as a basis for operating under any future exceptional events.**
Summary of investigation activity

14. In 2021, the IAO received 44 new referrals for review, compared to 54 in 2020, 50 in 2019, 69 in 2018 and 41 in 2017. The trend shows a downturn in new referrals; however, it is still higher than 2017, despite the continued impact of the COVID-19 pandemic.

15. In 2021, the IAO built on the experience of investigating remotely, and developed and adapted its processes accordingly to ensure work could continue and investigations could be completed.

16. A breakdown of the status of cases as at 31 December 2021 is shown in paragraph 47 below and a list of issued reports is included in Appendix II.

17. The IAO identified lessons learned, which reflect lapses in control that were identified during investigations and are for the consideration of management. They are as follows:

- Closer monitoring and controlling of benefit and entitlement payments in two specific areas:
  - Reimbursements of the Staff Health Insurance Fund (SHIF): (i) monitoring the pattern of medications issued over a period for reasonableness, to minimize the risk of reimbursing unused medication and (ii) developing claims adjusters’ knowledge of standard local charges in field locations (where available), to minimize further the risk of overcharging.
  - Travel claims: ensuring that staff are aware of the travel policy and verifying supporting documents before IRIS approval is given.

- Enhanced monitoring of ILO assets and bringing staff to account for misuse of ILO assets, such as unsanctioned mobile phone charges and unauthorized use of official vehicles; and

- Enhanced monitoring of recruitment processes of locally appointed staff in field offices to ensure that guidance is clear, consistent and understood by all involved in the process.

Office response to the pandemic

18. The worldwide pandemic continued to affect work during 2021. As in 2020, and to emphasize the health, welfare and safety of its staff, the Office implemented teleworking operations, curtailed travel and emphasized virtual meetings and trainings. In response to these changes, the IAO began to scope a review of lessons learned from these revised operating procedures, taking into account the work that will be undertaken by the Evaluation Office on the subject. Results of the assessment will be issued in the 2022–23 biennium.

Risk management

19. In August 2021, the Office reviewed and updated the policy objectives and governance of the ILO’s Enterprise Risk Management Framework. The provisions of the revised framework are applicable across the Organization to programme and budget outcomes, regional and country offices, headquarters departments, development cooperation projects and other Office activities. The revisions to the framework aim to streamline the approach to risk management, refining objectives to meet the changing requirements and challenges facing the ILO. The main changes included:
• the Senior Management Team directly addressing strategic risk issues instead of the former Risk Management Committee, thus raising the importance of risk management to the Organization’s highest levels;

• aligning the ILO’s Risk Management Framework and the ILO’s Internal Control Framework to the “three lines of defence” model, which has become the archetype for management control across the United Nations system;

• focusing on the strategic management of risk assessments of the policy outcomes within the programme of work; and

• explicitly emphasizing specialist risk management functions, such as those of the Security Unit and the Occupational Safety and Health team of the Internal Services and Administration Department.

20. In response to these changes, the Risk Management Manual was revised in 2021, and a replacement risk management application is under development. The IAO continues to follow these changes and appreciates the emphasis the Office continues to place on reviewing and perfecting its risk management framework to align it with current practices.

Headquarters assurance audits

Report on the internal audit of e-banking at ILO headquarters

21. The ILO operates a UBS proprietary e-banking application for its accounts held with UBS bank in Geneva, along with a variety of proprietary e-banking applications at 58 field and regional offices around the world. Staff at the field and regional offices operate the e-banking applications to consult bank balances and to effect payment instructions that have been initially created and approved in the ILO’s Integrated Resource Information System (IRIS) application and to fulfill obligations arising from the Staff Health Insurance Fund.

22. The audit report contained five recommendations, one of which the IAO considers to be of critical significance and four to be of high significance. The critical issue concerned providing privileges to staff to process payments without the approval of the Treasurer and Financial Comptroller. As a result, there is a risk – albeit a low risk – that unauthorized payments of material amounts could be processed without the involvement or knowledge of the Treasurer and Financial Comptroller.

23. Management decided not to implement the IAO’s recommendation as stated, citing that the approval process in place at the time was the standard set-up in the UBS electronic banking platform for corporate clients and that sufficient mitigating controls were in place. Subsequently, management has taken advantage of upgrades to the UBS electronic banking platform to strengthen the approval process. Since this change, any payments on the platform now require three individuals (one preparer and two approvers) to execute. The UBS e-banking platform is also being used on a minimal basis (8–10 times monthly), with almost all transactions being movements between ILO accounts. In the IAO’s view, by strengthening security processes over these transactions, management has addressed the issue raised in the report, further reducing the possibility of an unauthorized or irregular transaction occurring.

24. High-significance recommendations addressed findings that local and regional offices do not promptly update their signatory lists when staff members separate from the Office, or punctually inform the ILO’s partner banks when changes to signatory lists are required. The IAO also noted that users are not restricted from operating the ILO’s electronic banking applications to standard business days and to reasonable working hours. In the IAO’s view,
these two issues constitute a risk of irregular transactions occurring. While the risk is low, if it does materialize, the financial impact could be significant. Management accepted the recommendation to review signatory lists annually; however, it informed the IAO that, due to the Organization's global reach, with staff working in different time zones, away on mission or teleworking during COVID-19 restrictions, the limitation of working hours appeared too restrictive in the operation of electronic banking.

Report on the audit of IRIS responsibilities at ILO headquarters

25. The ILO’s Integrated Resource Information System (IRIS) is an enterprise resource planning system comprised of a combination of software and technologies based on the Oracle e-Business Suite. IRIS supports business processes including budget management, payroll processing, general ledger accounting, procurement, human resources management, accounts payable, cash management and travel expense management. The audit made recommendations concerning improving user documentation, restricting access to personal information of staff members, and redefining the ability to approve purchase orders.

26. The report’s one high-significance finding concerned removing existing IRIS responsibilities from staff members’ user accounts when they change position or transfer to other units or duty stations. Officials may accumulate conflicting access responsibilities in IRIS, which increases the potential risk for fraud or access to information no longer needed as part of their role. The IAO has been informed that the ILO’s Information and Technology Management Department is working on an automatic reset of access rights each time a staff member moves position, which would effectively manage this risk.

27. Furthermore, the audit found that five staff members in the Financial Management Department could complete a purchase of goods or services without involving any other staff member in the approval process. This access was consciously granted, although not in conformance with the segregation of duties principle, for these officials to undertake their delegated duties and functions and to be able to assist colleagues at headquarters and in field offices to validate and correct purchasing and related transactions in IRIS. As of November 2021, purchasing transactions related to these staff members are monitored regularly to ensure segregation of duties is followed despite their access.

28. Upon transfer to a different post, the staff member’s responsibilities in IRIS should be reviewed to ensure that appropriate access rights are approved in line with the new position and that any functions that should no longer be granted are removed. The IAO recommends that the Office should review the granting of exceptional access rights to process purchase of goods without approval and consider whether there is scope to reduce the number of officials granted this privilege.

Headquarters verification

29. In its report to the 341st Session of the Governing Body (March 2021), the IAO stated that it was assisting a donor, on an exceptional basis, in a verification exercise on a project implemented by the ILO. The IAO confirmed elements of reported staff expenditure and provided assurance that those elements were properly calculated. The findings were issued in the form of a letter of assurance in 2021.

1 GB.341/PFA/9, para. 18.
30. The IAO also issued a memorandum on its findings that recommended stricter attention should be paid by the field office to monitoring the financial reports of implementing partners and partner organizations. This would include critical analysis exercises of unusual per unit cost increases. The regional office may be required to offer support if the field office monitoring the project is unable to provide these enhanced review operations due to inadequate resources.

31. Inconsistent monitoring of implementing partners is an ongoing issue and has been raised in previous audit reports. Moreover, poor monitoring has meant fraud or other irregular acts or under-delivery had not been detected in a timely manner. The IAO believes that there is further scope to strengthen guidance on monitoring of implementing partners to ensure greater consistency across projects, and recommends that the Office should review current guidelines and reinforce accountability.

Field audits

32. During 2021, the IAO issued two assurance audit reports for work conducted at ILO field offices. The IAO proposed 32 recommendations, of which 20 were of high significance, 9 of medium significance and 3 of low significance. Audit recommendations addressed the areas of bank accounts and signatories, performance management, grants, and business continuity management. Some of these issues continue to be recurring throughout the IAO’s audit findings.

Summary of main observations of field audits

Grants

33. Based on previous audit findings, in the IAO’s view, grants are an area requiring enhanced oversight due to the higher risk of fraud or misuse of funds. The audit results from one of the offices reviewed confirmed the need for improved oversight. Three issues were noted:

- The ILO’s Office Procedure on Grants states that this type of agreement can only be signed with “a government or other public authority, an employers’ or workers’ organization, an international organization or a legally recognized non-governmental entity”. One grant was made to a public limited company after the matter had been referred by the country office, which had concerns, to the regional office and the ILO’s Office of the Legal Adviser. This grant did not meet any of the stated criteria of organizations able to receive an ILO grant. Furthermore, there are no provisions for processing a waiver of the type of organization which can benefit from a grant.

- The grants procedure requires that “[a]t a minimum, a narrative report prepared by the grantee and certifying that the funds have been used in accordance with the grant agreement shall be submitted at the end of the agreed timeframe”. For three of the five grants sampled, no narrative report was available. For two events, a film or video was provided as “proof” that the work was completed; however, this does not provide sufficient assurance that the funds provided by the ILO were used specifically for these purposes.

- Upon receipt of a narrative report, “[t]he director shall assess whether the grant was used for the purpose for which it was awarded and confirm the certification provided by the grantee”. For the two grants for which a narrative report was submitted, the office used a form to provide this certification, which is a good practice that should take place following receipt of every grant narrative report.
34. The regional office acknowledged that while the grant mechanism is a modality with less oversight and greater risk, its use has proved helpful to constituents and beneficiaries during the changed working conditions created by the pandemic. In its reply, the Office stated that the grants modality, along with selected other Office Procedures, would be reviewed and any amendments made by June 2022. The IAO appreciates the Office’s willingness to review and effect changes to enhance transparency and accountability in the application of grants to improve management of associated risks. The IAO suggests that, when revising the internal procedures, the Office should consider these and other findings that the IAO has reported on with respect to grants.

Gender equality

35. The field office audited did not incorporate comments made by the Gender, Equality, Diversity and Inclusion Branch (GEDI) regarding indicators and targets into its Decent Work Country Programme (DWCP) for the period covering January 2017 to December 2020. As a result, the gender mainstreaming and responsiveness components stated in the programme may not be properly measured and the DCWP could be ineffective in reducing the gender gaps related to the world of work in the country; in fact, gender-absent initiatives at best reinforce existing unequal power relations between women and men, and can even further exacerbate women’s low status and marginalization in labour markets.

36. The process of the quality assurance mechanism requires field offices to solicit suggestions for improving the DWCP from GEDI, the regional office, the Strategic Programming and Management Department, and other departments participating in the quality assurance process, prior to finalizing the document. GEDI provided detailed comments and suggestions for improving the indicators and targets in the DWCP, which the country team did not incorporate into the final document. The IAO found opportunities to include specific gender-related targets in the DWCP, such as specifying a target percentage of women labour inspectors to be recruited and incorporating a target percentage of women to be included in government and workers’ and employers’ organizations. The office concerned is in the process of developing a new DWCP and will take the above factors into account.

Bank accounts and signatories

37. One of the field offices audited correctly maintained its signatory panels for its bank accounts and promptly communicated changes to its partner bank, which is a good practice. In the other office, due to pandemic-related lockdowns outside of the control of the office, certain signatories could not be updated with the bank. One US dollar account managed through the regional office and headquarters did not have updated signatories due to miscommunication between the two. The Office agreed to communicate changes in partner bank institutions on a prompt basis so that changes to signatory lists are submitted to the correct responsible authorities.

38. On occasion, an official in one of the offices audited had to interrupt annual leave to conduct a bank transaction, as there were inadequate other staff in the small office to review and perform such an action. It was agreed with the regional office that a staff member from its office could serve as a replacement when needed. This could serve as a model for other smaller offices with insufficient personnel to maintain separation of duties, using officials with an adequate knowledge of financial regulations.

39. Based on past recommendations, the Office has taken steps to improve controls over changes in bank signatories. Nevertheless, this issue keeps recurring. Promptly updating signatories is
important, not just as good housekeeping, but also to further reduce the risk of irregular financial transactions occurring. **The IAO repeats its recommendation from previous reports that the Office should promptly update bank signatory lists and punctually inform partner banks when changes to signatory lists are required (see also the finding under e-banking).**

40. **In the case of small offices with a limited number of financial staff members, the Office should consider adopting the model of identifying officials from other offices within the same region to serve as replacement signatories when staff are on leave or absent for extended periods.**

**Business continuity management**

41. The IAO recommended that one field office should update its business continuity plan to incorporate changes made following the transformed working procedures during the pandemic. Staff may not be fully aware of the processes to follow in certain circumstances during the current pandemic. Lessons learned will be useful in any future pandemic or other extremely rare and widespread event with a significant impact. This is a recommendation which would be relevant to all offices throughout the Organization.

42. **The COVID-19 pandemic has obliged the Office to review its working procedures and alter its ways of delivering services. These changes should be reflected in the business continuity plans of offices, projects and departments to ensure that new processes have been documented, are understood by all staff and serve as a basis for operating under any future exceptional events.**

**Performance management**

43. In both field offices audited, the IAO found issues related to completing the beginning- and end-of-cycle performance appraisals. In one office, the previous director had transferred to a new position in a different office without having completed some staff appraisals. In this case, the regional office intervened to follow up on the completion of the reports. In the other office, the audit found that current appraisals were overdue for 24 staff members by between six and ten weeks, and that for the previous performance cycle, 47 staff had submitted their appraisal forms more than six months after the deadline. The office responded that the COVID-19 pandemic had delayed completion, and that it strived to complete the appraisals in time while keeping all levels of management accountable.

**Follow-up of internal audit recommendations**

**Office implementation reports**

44. In 2020, the IAO issued one assurance audit report and one advisory audit report containing 35 audit recommendations, assessed with the levels of low, medium and high significance. The table below shows management’s assessment of the implementation status of the IAO’s recommendations. The Office accepted 32 of the 35 recommendations, or 91 per cent, which is on par with statistics from previous years. When not agreeing to implement a recommendation, management accepts the risk and responsibility associated with the finding.
Recommendation status | High | Medium | Low | Total | Percentage of total accepted recommendations
--- | --- | --- | --- | --- | ---
Fully implemented | 11 | 6 | 2 | 19 | 59%
Implementation in progress | 7 | 2 | 1 | 10 | 31%
Partially implemented | 2 | – | – | 2 | 6%
Implementation deferred | 1 | – | – | 1 | 3%
Not accepted | – | 1 | – | 1 | –
No longer applicable | 2 | – | – | 2 | –
**Grand total** | **23** | **9** | **3** | **35** | –

45. The IAO is pleased to report that all implementation reports for last year’s audits were submitted within the prescribed deadline.

**IAO audit strategy**

46. In 2021, the IAO drafted a strategy document to set out its vision to meet changing audit needs to better serve the ILO. The Director-General and the Independent Oversight Advisory Committee, respectively, reviewed the strategy document and their comments have been taken into account. Subsequently, the Senior Management Team reviewed and endorsed the strategy. The IAO has begun implementation.

**Investigation results**

**Investigation reports issued in 2021 and completed investigations awaiting reporting**

47. The IAO received 44 case referrals during 2021, to add to the 61 that were carried forward from earlier years and the 20 cases pending reporting, that is, a total of 125 cases. The breakdown of activity for 2021 is as follows:

- 6 cases were investigated, report issued – substantiated;
- 5 cases were investigated, report issued – unsubstantiated;
- 30 cases were reviewed, of which:
  - 15 cases where no further action was deemed necessary following initial assessment;
  - 12 cases where the investigation was closed as unsubstantiated following a preliminary investigation;
  - 2 cases which were referred to the Human Resources Development Department following an initial assessment;
  - 1 case that was considered outside the mandate of the IAO.
- 24 cases are awaiting reporting (15 awaiting reporting as substantiated cases and 9 awaiting reporting as unsubstantiated cases).
- 60 active cases have been carried forward to 2022, of which:
  - 5 cases are the subject of full investigations at various stages of completion;
- 39 cases are at the preliminary investigation stage;
- 12 cases are at the initial assessment stage;
- 4 cases have been recorded at the intake stage.

Figure 2. Status of IAO investigations as at 31 December 2021

Lessons learned arising from investigations

48. The IAO has analysed the substantiated investigation reports issued for the five years between 1 January 2017 and 31 December 2021 and has provided information on the types of cases by category in Appendix III. The statistics indicate that making fraudulent statements about benefits and entitlements (32 per cent) and professional misconduct (30 per cent) make up almost two thirds of the substantiated cases.

49. The investigations completed in 2021 identified three key issues where lessons can be learned with respect to the department, office or project where fraud or misconduct was substantiated. The lessons learned reflect lapses in control that were identified during investigations and are for the consideration of management. They are as follows:

- Closer monitoring and controlling of benefit and entitlement payments in two specific areas:
  - SHIF reimbursements – (i) monitoring the pattern of medications issued over a period for reasonableness, to minimize the risk of reimbursing unused medication and
(ii) developing claims adjusters’ knowledge of standard local charges in field locations (where available), to minimize further the risk of overcharging.

- **Travel claims** – ensuring that staff are aware of the travel policy and verifying supporting documents before IRIS approval is given.

- Enhanced monitoring of ILO assets and bringing staff to account for misuse of ILO assets, such as unsanctioned mobile phone charges and unauthorized use of official vehicles, and
- Enhanced monitoring of recruitment processes of locally appointed staff in field offices to ensure that guidance is clear, consistent and understood by all involved in the process.

**Other activities**

50. The IAO provides internal audit and investigation services for the International Training Centre of the ILO in Turin, Italy. In 2021, the IAO completed one audit report on the Centre, which consisted of a remote preliminary review of the Centre’s pavilion renovation project.

51. During 2021, the IAO attended the meetings of the Steering Committee for the Headquarters Renovation Project and of the Information Technology Governance Committee, as an observer.

52. As part of its outreach, the IAO conducted a joint fraud/misconduct awareness-raising session with the Regional Office for Africa for the benefit of staff in the ILO Decent Work Team for West Africa and Country Office for Senegal, Cabo Verde, Gambia, Guinea and Guinea-Bissau. The IAO also contributed to the section on misconduct and fraud awareness in the planned revised online induction training for new staff, and assisted in the development of a flow chart setting out the investigation referral process.

53. In addition, the IAO provided ad hoc advice to management, upon request.

54. Officials from the IAO’s Internal Audit Unit and Investigation Unit participated actively in their respective United Nations (UN) oversight peer groups: the UN Representatives of Internal Audit Services (RIAS) and the UN Representatives of Investigation Services (RIS). The RIAS conference, normally held on an annual basis, was postponed due to the COVID-19 pandemic, but regular virtual meetings of UN-RIAS were held. The Conference of International Investigators was held online in May 2021 and the IAO actively participated by co-hosting one of the break-out sessions. The IAO also attended the quarterly virtual meeting of UN-RIS.

55. With the Internal Audit department of the International Committee of the Red Cross (ICRC), the IAO hosted the 2021 annual Heads of Internal Audit in International Organizations in Europe (HoIA) conference virtually. The meeting, originally scheduled to be held in-person in April 2020, took place over two days at the end of September 2021. Due to the COVID-19 pandemic, only the hosts from the IAO and the ICRC were present in an ILO conference room, while over 100 participants from 44 organizations joined online. In addition, in May 2021, the IAO organized a training course on Auditing Fraud Deterrence and Identification. This virtual event was attended online by 30 participants from eight HoIA member organizations.
## Appendix I

### List of internal audit reports issued in 2021

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<td>1.</td>
<td>The IAO Audit Plan for 2021</td>
<td>IA 1-6-1 (2021)</td>
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<td>2.</td>
<td>Report on the Internal Audit of e-Banking at ILO Headquarters</td>
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<td>3.</td>
<td>Report on the Review of ILO and Save the Children (SCUK) Staff Costs</td>
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<td>4.</td>
<td>Report on the Audit of the Country Office for Argentina</td>
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<td>5.</td>
<td>Report on the Audit of IRIS Responsibilities at ILO Headquarters</td>
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<td><strong>Turin Centre</strong></td>
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<tr>
<td>1.</td>
<td>Turin Centre Audit Planning Memorandum for 2020–21</td>
<td>IA 1-6-1 (2021)</td>
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<td>2.</td>
<td>Report on the Desk Review of the Pavilion Renovation Works at the International Training Centre in Turin</td>
<td>IA/TC/57</td>
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## Appendix II

### List of investigation reports issued in 2021

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<td>6.</td>
<td>12.11.2021</td>
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<tr>
<th>Index No.</th>
<th>Date issued</th>
<th>Unsubstantiated/no further action (35 cases concluded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>03.03.2021</td>
<td>Undeclared outside activities – unsubstantiated</td>
</tr>
<tr>
<td>2.</td>
<td>16.04.2021</td>
<td>Corruption and undeclared outside activities – unsubstantiated</td>
</tr>
<tr>
<td>3.</td>
<td>07.05.2021</td>
<td>Falsely claiming dependency benefits – unsubstantiated</td>
</tr>
<tr>
<td>4.</td>
<td>07.05.2021</td>
<td>Undeclared outside activities and use of office materials for personal benefit – unsubstantiated</td>
</tr>
<tr>
<td>5.</td>
<td>07.05.2021</td>
<td>Falsely claiming medical expenses – unsubstantiated</td>
</tr>
<tr>
<td>6.</td>
<td>31.08.2021</td>
<td>Minute issued on cases where no further action taken (25 cases of which 15 were closed noting no further action following initial assessment, 9 were closed and classed as unsubstantiated following a preliminary investigation and one case was outside the IAO's mandate following initial assessment).</td>
</tr>
<tr>
<td>7.</td>
<td>31.12.2021</td>
<td>Minute issued on cases where no further action taken (five cases, of which three were closed following a preliminary investigation and two were referred to HRD following an initial assessment).</td>
</tr>
</tbody>
</table>
### Appendix III

#### Substantiated cases by category, completed 2017 to 2021

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Bribery and corruption</td>
<td>7</td>
</tr>
<tr>
<td>Externally perpetrated fraud</td>
<td>1</td>
</tr>
<tr>
<td>Making fraudulent statements</td>
<td>1</td>
</tr>
<tr>
<td>Professional misconduct</td>
<td>3</td>
</tr>
<tr>
<td>Theft</td>
<td>1</td>
</tr>
<tr>
<td>2018</td>
<td>10</td>
</tr>
<tr>
<td>Bribery and corruption</td>
<td>4</td>
</tr>
<tr>
<td>Externally perpetrated fraud</td>
<td>2</td>
</tr>
<tr>
<td>Making fraudulent statements</td>
<td>3</td>
</tr>
<tr>
<td>Professional misconduct</td>
<td>1</td>
</tr>
<tr>
<td>2019</td>
<td>10</td>
</tr>
<tr>
<td>Abuse of position of trust</td>
<td>2</td>
</tr>
<tr>
<td>Bribery and corruption</td>
<td>2</td>
</tr>
<tr>
<td>Making fraudulent statements</td>
<td>2</td>
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<tr>
<td>Professional misconduct</td>
<td>2</td>
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<tr>
<td>Theft</td>
<td>2</td>
</tr>
<tr>
<td>2020</td>
<td>11</td>
</tr>
<tr>
<td>Externally perpetrated fraud</td>
<td>1</td>
</tr>
<tr>
<td>Inappropriate use of IT resources/networks</td>
<td>1</td>
</tr>
<tr>
<td>Making fraudulent statements</td>
<td>4</td>
</tr>
<tr>
<td>Professional misconduct</td>
<td>5</td>
</tr>
<tr>
<td>2021</td>
<td>6</td>
</tr>
<tr>
<td>Making fraudulent statements</td>
<td>2</td>
</tr>
<tr>
<td>Professional misconduct</td>
<td>4</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>44</strong></td>
</tr>
</tbody>
</table>