



A powerful
and balanced
voice for business



Written comments by Mthunzi Mdwaba on behalf of the Employers' group

GB.340/PFA/9: Report of the Chief Internal Auditor for the year ended 31 December 2019

We commend that the Office of Internal Audit and Oversight's mandate has been clarified to include sexual exploitation and abuse, and retaliation against whistle blowers. Both are important for any organization to have as they encourage a culture where wrongdoing can be addressed quickly and potentially before any regulatory action or damage to the ILO's reputation.

Overall, we appreciate the IAO did not identify any material weakness in areas that were subject to an internal audit in 2019, and that in the majority of the areas covered by the recommendations, the Office had put in place actions to address the control issues identified, and continue to embed risk management in its strategies and plans.

We bear in mind that a number of areas are still requiring efforts, for instance:

- in ensuring that internal controls continue to remain robust in offices with large increases in DC project allocations;
- in improving timely implementation and reporting on internal audit recommendations.

We note the positive evaluation made for SCORE. However, the ongoing High Level Evaluation on outcome 4 should allow us to get a better view of the possible strengths and weaknesses of the programme and therefore to open possible ways for improvement.

The field audit recommendations confirm that more needs to be done to improve the accountability and governance framework and matters related to finances. The field audits conducted indeed covered countries where substantial donor funding currently exists, hence the need to prioritize the response to the IOA's recommendation is critical to prevent the misuse and mismanagement of resources. Of particular concern is the risks associated with expanding DC projects. Not only are there risks related to internal controls over project governance, financial management and human resources, but there is a heightened risks that projects are hastily designed, without adequate consultation with constituents and those that are not aligned with the ILO's institutional framework (e.g. P&B, DWCP etc.). We also support the recommendation that the relevant regional offices should assess impact before accepting any new projects (as part of a formal risk assessment). In addition, the expansion of DC projects may challenge the ILO's capability to deliver. The delivery rate of DC projects needs to be monitored closely, and improved consequential management of units/programmes that fail to deliver is necessary. While evaluations provide a function to assess the impact of DC projects, the IOA can also serve an important function to ensuring that DC projects are not received and implemented at the expense of the ILO's reputation and mandate.

In relation to the IAO's outreach activities, if capacity permits, anti-fraud awareness training sessions should not be offered on an ad-hoc basis, but it should be mandatory for all staff or at least for units/programmes with substantial resources. A systematized training offer would reinforce staff in their duties, responsibilities and ultimately protect the organization.

Finally, we support the need to draw on the lessons learned from the investigations carried out in 2019 which identified a number of recurring key issues of fraud or misconduct. (need for improved diligent control before payments; need for awareness-raising on staff obligations regarding possible conflict of interest; need for due diligence work on the capacity of implementing partners). In relation to substantiated cases, the IOA may wish to consider providing a short anonymous summary of these cases so that staff are aware of the wrong-doings and greater awareness is raised.