

**Governing Body – 344<sup>th</sup> Session, March 2022**  
**Programme, Financial and Administrative Section**  
**Audit and Oversight Segment**

**Workers’ Group Comments**

**Document for Ballot by Correspondence**

**GB.344/PFA/9(Rev.1)**

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

The Workers’ Group thanks the Chief Internal Auditor for his report and recommendations on headquarters and field audits. We invite the Office to follow-up on these recommendations as soon as possible.

We acknowledge the continued difficulties to conduct audits and lead investigations during the Covid-19 pandemic and resulting lockdown measures and travel restrictions. We therefore welcome the continuous efforts in conjunction with an external consultancy firm to maintain the number and quality of audits and to reassess existing practices to increase effectiveness in future.

We noted with satisfaction IAO appreciation of the Office’s efforts to review and perfect its risk management framework to align it with current practices.

We appreciate the fact that the Office took advantage of upgrades in its electronic banking platform to strengthen the approval process for bank transfers, thus complying with one of the IAO recommendations. We also welcome the fact that the Office agreed to review the bank signatory lists annually.

We support the IAO recommendation to remove existing IRIS responsibilities from staff members’ user accounts when they change position or transfer to other units or duty stations and are glad that the Office is following on this recommendation. We also note with satisfaction that since November 2021, purchasing transactions by a number of staff authorized to purchase goods or services are regularly monitored in order to ensure segregation of duties. We also support the recommendations that field offices promptly update bank signatory lists and identify replacement signatories when staff are on leave or absent for extended periods.

We invite the Office to strengthen the guidance on monitoring of implementing partners as recommended by the IAO as poor monitoring has resulted in fraud or irregular acts not being detected in a timely manner in the past.

We welcome the fact that the grants modality will be reviewed by June 2022 and trust the Office will take into account the findings of the IAO when doing so.

Our Group wishes to express concern that one of the field offices audited did not incorporate comments made by the Gender, Equality, Diversity and Inclusion Branch regarding the inclusion of gender equality indicators and targets into a Decent Work Country Programme (DWCP). While it seems that the office concerned will include specific gender-related targets in the new DWCP it is developing, such indicators should have been included from the start.

We also noted with concern that in both field offices audited, performance appraisals were not completed. We invite the relevant offices in the future to strive to complete the appraisals within the required deadline.

We do further acknowledge the Office's efforts to submit implementation reports to previous audits within the deadline.

Lastly, we took note of the investigations undertaken in 2021, and urge the Office to follow up on the lessons learned suggested by the IAO in paragraph 49.

## **GB 344, PFA 9**

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

#### **IMEC statement**

This statement is submitted on behalf of IMEC.

1. IMEC would like to thank the Office for the report of the Chief Internal Auditor for the year ended 31 December 2021, PFA 9, and also for the virtual briefing.
2. Like in previous years, we would like to express our appreciation for the extremely relevant work of the Chief Internal Auditor and the Office of Internal Audit and Oversight (IAO). The accountability and effective and transparent management of ILO's work is crucial. Assessing the strength and weaknesses in operations, practices, procedures and control within the Office and investigating allegations of fraud or misconduct (including sexual exploitation and abuse and retaliation against whistle-blowers) inform and guide the Members for making recommendations on the future development in these areas.
3. As was the case in the previous year, the COVID-19 pandemic has continued to affect the IAO to perform its duties in the normal way, as mission travels have been restricted, site visits became impracticable and the staff was teleworking both in Geneva and in field locations.
4. We welcome and stress the importance of developing working procedures and methodologies that may also be applied in the post pandemic work of IAO, as well as the continued use of a consultancy firm with global outreach enabling the conduct of auditing in these exceptional circumstances, including remote verification and audits.
5. We are happy to note that in 2021 the IAO performed four assurance audit reports, two covering a field office in the Asia and the Pacific region and the Latin America and the Caribbean region and two covering headquarters-related activities. The IAO also performed a verification exercise on a development cooperation project in the Asia and Pacific region.
6. In addition, another six audit assignments are in various stages of reporting. The summary of the findings on these reports will be represented in the 2022 Report of the Chief Internal Auditor.
7. In the four audit reports and the verification exercise the IAO made 37 recommendations, of which two came from the verification exercise. The 35 recommendations from the four audit reports were of varying significance, from

critical (1), high (17), medium (14) to low (3) importance. For IMEC it is a concern that some of the findings in the field audits continue to be recurring throughout IAO's audit findings instead of being addressed timely.

8. The IAO is also making six strategic recommendations for consideration by the Office in para 13. For IMEC these strategic recommendations are very relevant and merit following up by the Office. It is therefore disconcerting to note that the IAO felt compelled to repeat the strategic recommendation to promptly update bank signatory lists and inform banks when changes to these lists are required.
9. IMEC strongly supports the strategic recommendation that the revised working procedures as a result of the pandemic, should be duly reflected in plans, projects and departments to ensure that they are documented and understood by all staff.
10. IMEC is satisfied to read in para 18 that IAO has initiated the review of lessons learned from the effects of revised operating procedures such as increased teleworking, curtailed travelling and virtual training and meetings on the health, welfare and safety of the staff.
11. We take note of the findings that in cases management decided followed alternative routes than the IAO recommended one or indicated that IAO recommendations were too restrictive and could therefore not be implemented. Whereas in others the Office showed willingness to review and effect changes or to take the recommendations into account when developing a new DWCP. As previously, IMEC encourages the Office to implement and report on all audit recommendations in an adequate and timely manner.
12. IMEC stresses once again the importance of risk management. The report of the IAO provides an overview of the 2021 revisions to and update of the ILO's Enterprise Risk Management Framework, in line with the recommendations by the IAO. IMEC appreciates and encourages IAO to continue to follow these changes. It remains crucial that in terms of adequate risk management the Office is committed to promoting transparency and improving internal processes in order to make reporting mechanisms clear, consistent, and accessible for all personnel.
13. We appreciate the important investigations work the IAO pursued in 2021. We do note the continued occurrence of substantiated cases of fraud and professional misconduct, and we urge that the IAO lessons learned in para 17 are seriously considered and followed up by management. We note with concern that the number of active cases carried forward is reduced by 1, from 61 to 60. The high number of active cases carried over year to year does not adequately convey the seriousness of such misconduct; may discourage

further reporting; and creates a risk that staff may perceive ILO management as being unresponsive to allegations of misconduct..

14. Despite IAO's authority (and responsibility) to conduct investigations on allegations of sexual exploitation and abuse and or retaliation against whistle blowers, there is not a single reference to either of those cases in the report. IMEC would like to learn from IAO whether any such allegations exist, and if so, why they have not been included in the report. If no allegations have been made, IMEC would like to learn of the last time ILO staff were queried about their confidence in the independence, transparency, and confidentiality of reporting mechanisms for these sensitive topics, and the outcomes of those surveys.
  
15. As a more general comment, IMEC notes that the approach to the internal audit of the ILO has remained the same for many years and the report presents a summary of individual audits. IMEC would welcome a review of the approach, for example so that the annual report could provide the Director General and Governing Body with a 'bigger picture' view of the risks faced by the organisation. We would be interested to hear if there will be a peer review of the ILO's audit standards.
  
16. With these remarks IMEC supports the point for decision in para 4.