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SEVENTH ITEM ON THE AGENDA

Report of the Chief Internal Auditor for the year ended 31 December 2017

Purpose of the document

This paper contains the report of the Chief Internal Auditor on the Office of Internal Audit and Oversight's (IAO) activities, including significant findings resulting from internal audit and investigation assignments conducted during 2017, for consideration by the Governing Body.

Relevant strategic objective: None.

Main relevant outcome/cross-cutting policy driver: 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: Internal Audit and Oversight Office (IAO).

Related documents: GB.329/PFA/7(Rev.).

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 2017.

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 (IAO) are thoroughly evaluated and there is constant dialogue between managers and the Chief Internal Auditor to give effect to them.

Report of the Chief Internal Auditor on significant findings resulting from internal audit and investigation assignments undertaken in 2017

Introduction

1. The Office of Internal Audit and Oversight (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.
2. The IAO's mission is to provide the Governing Body and the Director-General with an independent, objective assurance activity designed to add value and improve the ILO's operations. The IAO also aims to assist the Office in accomplishing its strategic objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.
3. In addition, its mandate includes responsibility to conduct fact-finding investigations into allegations of financial or administrative misconduct and other irregular activities. The IAO reports the results of its investigations to the Director-General. All investigation reports contain an assessment of whether or not the allegations are substantiated based on evidence obtained during the fact-finding process. The IAO does not make any recommendations with respect to disciplinary or other actions to be taken against individuals or third parties in its reports.
4. 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) and the Uniform Principles and Guidelines for Investigations as adopted by the Conference of International Investigators of the United Nations Organizations and Multilateral Financial Institutions.
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 and free access to all records, personnel, operations, functions and other material relevant to the subject matter under review.

Summary of activities

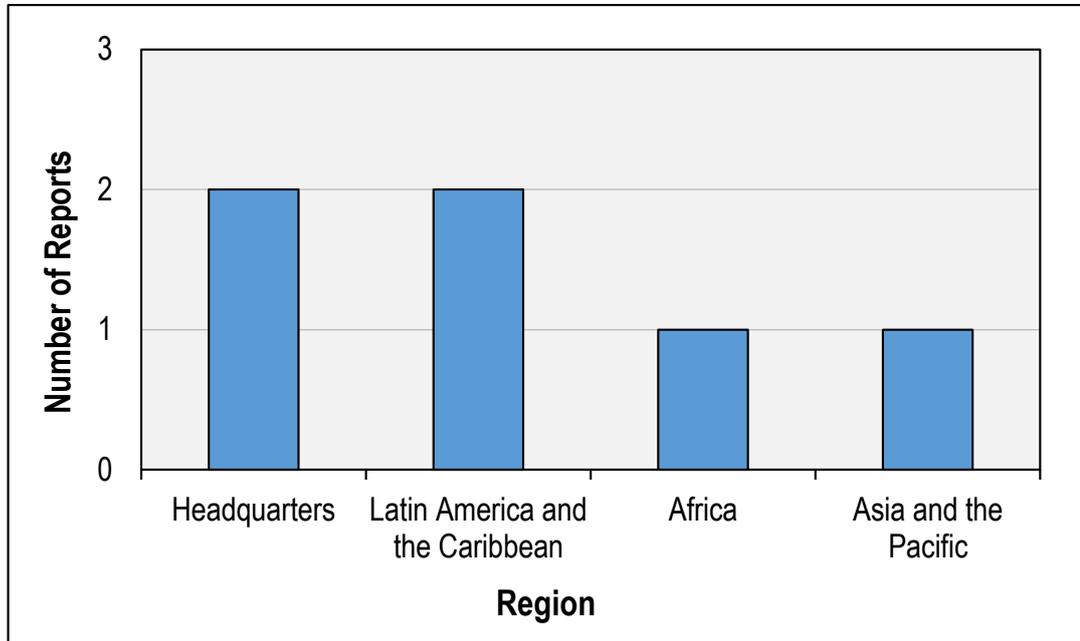
6. This section provides a brief overview of the main activities undertaken by the IAO in 2017.

Assurance audits

7. During 2017, the IAO issued six assurance audit reports. Two assurance audit reports cover headquarters functions and four relate to audits at ILO field office locations; two were conducted in Latin America and the Caribbean and one each in Africa and Asia and the Pacific (see Appendix I). The IAO has completed the fieldwork for a further six audit

assignments,¹ which are in various stages of reporting. The Chief Internal Auditor will present a summary of the findings arising from these assignments to the Governing Body in March 2019. Figure 1 shows the number of assurance audit reports issued in 2017 by geographical region and at headquarters.

Figure 1. Assurance audit reports by region and at headquarters (2017)



8. In 2017, the IAO received 41 new referrals for review, compared to 32 in 2016, 30 in 2015 and ten in 2014. There is a continued upward trend in reporting allegations of fraud and misconduct, which is indicative of an increasing awareness and understanding of accountability. The IAO has also had the opportunity to participate in regional outreach activities on raising fraud awareness.
9. Twenty-six cases were carried over from previous years, giving the IAO an active caseload of 67 cases. During 2017, 17 cases were closed, of which seven were substantiated and ten were unsubstantiated. A breakdown of the status of cases as at 31 December 2017 is provided in paragraph 49 below and a list of issued reports in Appendix III.

Other activities

10. The IAO provides internal audit services for the International Training Centre of the ILO in Turin, Italy. In 2017, the IAO issued two assurance audit reports for the Centre, consisting of a pre-implementation review of the Centre's revised procurement process, and management of activities and participants database. The IAO further completed the field work on an audit of the Centre's training course evaluation systems. The summary results of internal audits are reported to the Board of the Centre during its annual meeting.

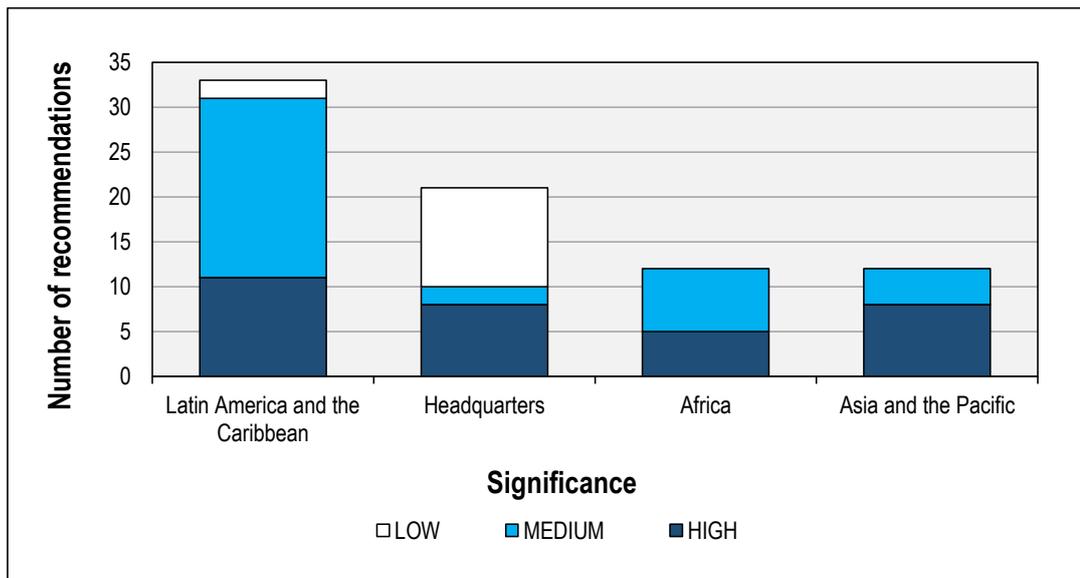
¹ CO–Algiers; ILO–Yangon; CO–Hanoi; BetterWork; Optical character recognition (OCR) payments; Payroll.

11. During 2017, the IAO attended the meetings of the Steering Committee for the Headquarters Renovation Project, the Risk Management Committee and the IT Governance Committee as an observer. The IAO continued its outreach to promote awareness of common internal control issues identified during audits, as well as presenting anti-fraud awareness sessions upon request. In addition, the IAO provided other ad hoc advice to management upon request.
12. As in previous years, officials from the IAO's assurance audit and investigation units continued to actively participate in their respective United Nations (UN) oversight peer groups: the Representatives of Internal Audit Services of the United Nations Organizations (UN-RIAS) and the United Nations Representatives of Investigations Services. The IAO also participates in the Heads of Internal Audit in International Organizations in Europe (HOIA) annual meeting.
13. In 2017, the IAO participated in the joint audit of the Governance Arrangements of the Sustainable Development Goals Fund.

Summary of audit results

14. In the six audit reports issued in 2017, the IAO proposed 78 audit recommendations and assessed them to be of varying significance for the ILO, with the levels of low, medium and high importance, no recommendations were rated at the "critical" level. The IAO did not identify any major weakness in the ILO's system of internal control in those areas that were subject to an internal audit in 2017.
15. The IAO's analysis of audit findings in 2017 by region and at headquarters and by significance is shown in figure 2.
16. The results of the IAO's audits demonstrate that continued attention is required to further progress and reinforce the internal control environment across the entity. The IAO welcomes the steps taken by the Office to address common issues identified through internal audits. The Office continues to revise the internal letter of representation and update the list of responsible managers required to complete the declaration; this not only reminds managers of their fiduciary responsibility but also assists in institutionalizing the need for proper internal control.

Figure 2. Audit findings by region and at headquarters and by significance in 2017



17. In its response to internal audit recommendations, the Office reports having taken initiatives in many of these areas to address the control issues identified by the IAO. The IAO assesses these initiatives in performing its risk assessment as part of its regular and ongoing audit planning process. The IAO will continue to conduct focused follow-up audits to verify implementation of internal audit recommendations.

Risk management

18. The Office is continuing with its development of risk management in the ILO. Following the retirement of the previous incumbent, the new Senior Risk Officer joined the ILO in late 2016 and the IAO liaises with him on a regular basis to discuss matters concerning risk.
19. Throughout the year, the IAO incorporated a review of country office and departmental risk registers as a standard part of its audit work as well as offering recommendations, where relevant, to ensure that the registers are regularly revised and updated. Furthermore, the Senior Risk Officer has informed the IAO that an Organization-wide risk register exercise is scheduled for 2018, and the IAO welcomes this initiative to review and strengthen the risk registers developed by each department and office.

Headquarters audits

20. During 2017, the IAO issued two audit reports, consisting of an audit of knowledge sharing in the ILO and a fresh audit of the renovation project of the ILO headquarters building. The main findings of the audits are listed below.

Audit of knowledge sharing in the ILO

21. The IAO scheduled a review of knowledge sharing in the ILO as it impacts the ability of the Organization to deliver accurate, relevant and current information and knowledge to its constituents and staff. Management has highlighted the role of knowledge sharing – both externally with constituents and internally – as a key aspect of ILO strategy. This audit

reviewed the implementation and current status of the ILO's Knowledge Strategy,² which was submitted to the 300th Session of the Governing Body in November 2007. In order to ensure that the audit encompassed relevant issues and incorporated the latest developments in the area of knowledge sharing, the IAO co-sourced the work with a knowledge strategy expert consultant.

22. The audit encompassed the full spectrum of collecting, capturing, storing, codifying, transferring and communicating knowledge and called for a framework to institutionalize this in the ILO. The report covered making knowledge visible and showcasing the role of knowledge in the Organization; developing a knowledge-intensive culture by encouraging and rewarding behaviours such as collaboration and proactively seeking and offering knowledge; and building a knowledge infrastructure. The primary purpose of the audit was to identify and assess the mitigating factors which the ILO has in place to manage risks associated with knowledge sharing and, as necessary, to make recommendations to further foster efficient internal knowledge-sharing capacities and practices in the ILO.
23. The improved communication initiatives of the Director-General were cited by staff and senior management interviewed during this audit as positive steps toward better communication and knowledge sharing. The importance of setting the tone at the top of the Organization was emphasized by many staff interviewed, and effective leadership played a vital role in the launch of a number of initiatives such as the introduction of an annual awards ceremony to recognize individual and team achievements, which will foster knowledge sharing and teamwork and thus help to break down any "silo" effect. The report recommended that knowledge sharing be promoted in conjunction with the new knowledge strategy presented to the Governing Body in October 2017,³ with the objective being to identify new approaches to facilitating and emphasizing knowledge sharing as an essential component of ILO organizational culture and leadership in the world of work, both internally and externally.
24. To further enhance the staff competency "orientation to learning and knowledge sharing" the report recommended that the existing mentoring programme be reinforced by the Department of Human Resources Development with the aim of encouraging better sharing of knowledge at all staff levels. The IAO noted that this recommendation has already been implemented: a new round of the formal nine-month ILO Mentoring Programme, which aims to support staff in achieving their learning objectives and career goals, was organized in 2017 and directed at including as many staff members as practicable.
25. The report further emphasized the importance of incorporating information technologies and their applications to facilitate information and knowledge sharing in optimizing organizational value. It noted that SharePoint has become the de facto standard for application development, and the feedback received from users in the ILO was very positive. Considerable resources have already been allocated to redesign the ILO's intranet as a digital workplace using SharePoint, and sufficient resources should be made available to continue supporting this platform. The need for software solutions for a records management system was also highlighted, including the requirement that professionals be skilled in new digitization methods and electronic content management. It is anticipated that mentees from this cohort will be motivated to act as mentors going forward, thus enabling the programme to be extended further.

² ILO: Results-based management: (b) Knowledge strategy, [GB.300/PFA/9/2](#).

³ Knowledge Strategy 2018–21, [GB.331/PFA/4](#).

Audit of the renovation project for the ILO headquarters building in Geneva

26. Following the audit of stage one of the renovation project for the ILO headquarters building in Geneva as reported to the Governing Body in the report of the Chief Internal Auditor for the year 2016, ⁴ this year's review sought to confirm whether the internal control processes of the project remained adequate to mitigate the key risks and to determine whether the project continued to be carried out in an efficient and cost-effective manner, both technically and financially. As previously, the audit was outsourced to an external consultancy firm to draw on the required skills and knowledge of the construction industry and to obtain optimal independent expertise on the topic.
27. The audit concluded that stage two was progressing on schedule. It determined that the delayed delivery of stage one should not threaten the final scheduled completion date since this was mostly due to a value-engineering exercise which had led to cost savings. The lean construction management approach, introduced for stage two, appeared efficient and was working well in practice, although the audit cautioned against the use of Excel software to set the work schedule due to its tendency to introduce errors, possibly leading in turn to planning errors that would cause delays.
28. The subcontractor selection and contract extension processes were viewed as transparent, cost-effective and in compliance with established procedures. The invoice and payment control and approval processes were deemed appropriate, although the audit recommended stricter discipline regarding invoicing, invoice documentation and the respect of procedures, as it had detected some minor issues with respect to missing or erroneous invoice documentation and verbal promises of contract extensions being made by the main contractor to subcontractors without the prior formal approval of the ILO team.
29. The collaboration between the key persons involved in the project team and the ILO was considered excellent since required documents and information were promptly exchanged. The set-up of the contract as "open book" and the sharing of realized savings was regarded as creating an incentive for the contractor to actively look for cost-saving opportunities. Although the value-engineering exercise resulted in major savings that could subsequently be used as a reserve for unforeseen events or as additional funding for the renovation of the lower floors, the audit repeated the finding of the first report that the budgeted reserves for unforeseen events (0.7 per cent of total project costs) was very low by construction project standards. The overall conclusion of the audit was that the building renovation was progressing well in terms of time, cost and risk management.

Field audits

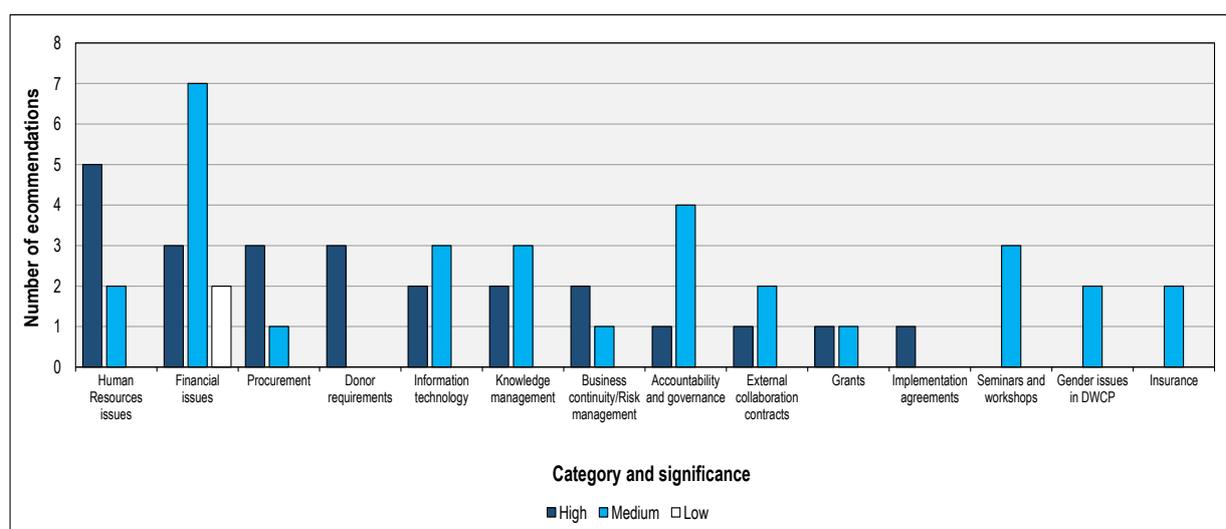
30. During 2017, the IAO issued four assurance audit reports for audit work conducted at ILO field office locations in Costa Rica, Egypt, Haiti and India, as well as a desk review of operations in Chile. Positive aspects of the control environments of the locations audited were noted, with offices having established adequate systems of internal control to manage the risks which the IAO assessed as being relevant to their operations.
31. The IAO offered recommendations to address the observations arising from its field audits in the respective audit reports to improve further their respective systems of internal controls.

⁴ Report of the Chief Internal Auditor for the year ended 31 December 2016, [GB.329/PFA/7\(Rev.\)](#).

The main findings are detailed below and the number of recommendations per category and significance are shown in figure 3.

32. The IAO identified a number of high-significance issues, as detailed in figure 3. With regard to improving internal governance, risk management and internal controls, the IAO notes that during 2017, the Office issued a *Finance Internal Governance Manual*⁵ which expands on the Financial Regulations and Rules documenting the policies, processes and practices to be followed when undertaking financial transactions. This guidance should assist in clarifying and strengthening internal control over many related activities in that domain. Furthermore, a revised Internal Letter of Representation was issued that includes certification on risk management, human resource, ethical and financial management matters.

Figure 3. Field audit recommendations by significance in 2017



Summary of main observations of field audits

Human resources issues

33. As shown in figure 3, issues revolving around human resources generated the greatest number of high-significance recommendations.

Resource planning and recruitment

34. The IAO's review of one office noted a number of long-standing vacancies, particularly in the programming unit, which raised concerns about the capacity of the unit to manage a rapid expansion in development cooperation activities. The IAO therefore recommended that the office, in conjunction with the regional office, review its human resources planning and monitoring processes to minimize to the extent possible the risk of long-standing vacancies. The incumbent Office Director had taken steps to mitigate the impact of long-standing vacancies by requesting assistance from other offices in the region, and an assistant from another office had been sent on mission to support the office. This represented a good practice and could be used as a model in other regions to help field offices when needed.

⁵ ILO: Office Procedure *Finance Internal Governance Manual*, IGDS No. 495 (version 1) of 1 March 2017.

Regional offices should take the lead in coordinating steps to identify offices that needed support and where such support could be obtained.

35. In another office, each development cooperation project had its own Chief Technical Adviser and National Programme or Project Officer, responsible for the activities of each individual project. However, in order to coordinate the overall development cooperation programme in the country and assist in operational matters with other UN agencies on behalf of the ILO, such as representation on the UN country team and the security management team, the post of Coordinator for the ILO Programme had been created. Given the importance of this post, the IAO recommended that a plan for its continued financing be assured. There were other similar project set-ups in the ILO and the Office should consider if the post of Project Coordinator was required.

Other human resources issues

36. The roles and responsibilities of staff in different units were not clear in one office visited by the IAO. In response to the audit recommendation, the office developed a flow chart to outline procedures along with the responsible officials. This was a good practice which should clarify specific tasks and their process owners.
37. Overall, the Office had made great strides in assuring that all appraisal reports under the Performance Management Framework were completed on a timely basis. Despite the good statistics, in one office, the IAO found that some appraisals were still missing from the previous biennium. In another office, several officials had not completed their beginning of cycle documents within the time frame allotted for the process. As a result, not all staff may have clear objectives agreed with their supervisor and documented accordingly. Proper completion of the performance appraisal cycle is important to assist management in recognizing good performance and identifying areas for improvement, as well as in defining tasks that support activities and the achievement of outcomes, and establishing roles and responsibilities.

Finance issues

38. The greatest number of recommendations of all significance levels concerned finance matters. Although the majority of these (58 per cent) consisted of low-significance findings, three high-level risks cause concern as they represent recurring themes.

Banking

39. In two offices visited, the IAO found that the signatory list held by the bank was not up to date. In both cases, the ILO had provided the banks with current lists of signatories; however, the banks had failed to act. Outdated lists of approved officials may result in unauthorized transactions being processed or valid requests being rejected in the case of newly hired officials. To address the issue, the IAO recommended that the regional offices, responsible for updating signatory lists for the offices in their purview, request that banks certify in writing that they have implemented the requested changes. The regional offices would then have the responsibility to ensure that this requirement is met and it should follow up with the banks on a timely basis to reduce the risks involved.
40. The IAO noted that one office primarily paid suppliers by cheque and that many of these instruments had to be cancelled due to errors. Discussions with the bank revealed that, although, traditionally, suppliers in the country preferred to receive payment by cheque, the bank recommended the use of payment by wire transfer, which reduced risk by offering increased security and faster receipt of funds and resulted in fewer errors. The bank suggested that their clients opt for online processing and the IAO relayed the

recommendation that the Office favour payments by wire transfer and further sensitize its suppliers on the resulting benefits and reduced risks.

Tax exemption

41. Exemption from the payment of value added tax with all suppliers was not assured in one country audited. Representatives of the United Nations Development Programme (UNDP), the lead UN agency in the country, stated that all UN agencies should receive an exemption based on the agreements signed with the country. ILO correspondence with the Ministry of Foreign Affairs regarding negotiations on this matter was provided, although a final exemption has not been obtained. The IAO recommended continuing these efforts, with assistance from the UNDP and the ILO's Office of the Legal Adviser. This was an issue which the IAO had found in previous audits in other countries, whereby other UN agencies had received exemption from the payment of value added tax while the ILO had not.
42. The IAO acknowledges that the Office has taken action to reduce the number of recurring issues. Nevertheless, the three matters noted above have been repeatedly highlighted in internal audit reports. The IAO encourages the Office to enhance efforts to address these issues.

Procurement

43. Strengthening of procurement procedures was recommended in one external office. Better documentation of the purchasing process was needed and the IAO called for increased attention to the use of the correct type of contract according to the nature of the transaction, whether a purchase of goods and services, an implementation agreement or a grant award.
44. In one office, each development cooperation project performed its own procurement activities and chose individual suppliers for its purchases. The IAO determined that, by pooling transactions, the projects could benefit from economies of scale and reduced administration burdens because they could conduct prospecting and solicitations centrally rather than by individual programme. This would also reduce the risk of selecting inappropriate suppliers since procurements would need to be agreed by a more diverse team of decision-makers.

Gender equality

45. As part of the ILO's compliance with the System-Wide Action Plan for Implementation of the United Nations CEB Policy on Gender Equality and the Empowerment of Women,⁶ the IAO is assessing whether adequate consideration of gender issues is included in Decent Work Country Programmes (DWCPs) in the offices that it reviews. In that regard, the Quality Assurance Mechanism for DWCP review should include input from the ILO's Gender, Equality and Diversity Branch (GED).
46. During the year, the IAO reviewed whether gender issues were addressed in the DWCPs handled by two offices. In one instance, none of the three countries covered by the ILO office had a current DWCP programme, but the office provided assurances that submission to the GED would be included in the future development of DWCPs. In the other office, a DWCP covering the period 2015–20 had been established for the country after being agreed by all three constituents. Although the draft DWCP had been subject to the Quality Assurance

⁶ United Nations System Chief Executives Board for Coordination: *System-Wide Action Plan for Implementation of the United Nations CEB Policy on Gender Equality and the Empowerment of Women*.

Mechanism and a quality assurance checklist had been completed that included inputs from a range of ILO departments, the GED had not been provided the opportunity to review and comment on the DWCP.

47. The ILO's established practice was that gender specialists and the GED should have the opportunity to provide inputs into the draft DWCP. While the IAO was informed that this practice had been complied with in most cases, its findings indicated that there had been times when the procedure had not been fully adhered to. The Office should ensure that the practice was complied with so that constituents had the opportunity to consider any appropriate gender and diversity issues before a DWCP agreement was finalized. Any capacity issues in completing the Quality Assurance Mechanism process should be identified and a resolution sought. This should help to ensure that gender and diversity issues are properly addressed.

Follow-up of internal audit recommendations

Office implementation reports

48. The IAO's analysis of the eight implementation reports provided by the Treasurer and Financial Comptroller, relating to the audit reports the IAO had issued in 2016, indicated that management had accepted 166 of the IAO's 179 recommendations (93 per cent). The Treasurer and Financial Comptroller identified that, of the 166 recommendations addressed, the Office had fully implemented 139 (84 per cent) and partially implemented three (2 per cent), leaving 20 (12 per cent) still in progress and implementation of the last four (2 per cent) deferred due to budget constraints.

Investigation results

Investigation reports issued in 2017

49. The IAO received 41 case referrals during the course of 2017, in addition to 26 carried forward from earlier years, giving a total of 67 active cases. The breakdown of activity for 2017 is as follows:
- seven allegations were investigated and found to be **substantiated** (reports issued);
 - ten allegations were investigated and found to be **unsubstantiated** (reports issued);
 - 50 cases will be carried forward to 2018, of which:
 - 13 are proposed to be unsubstantiated and formally closed;
 - ten are the subject of full investigations at various stages of completion;
 - 14 are preliminary investigations;
 - 13 are the subject of new allegations that need review and possible investigation by the IAO.
50. Taking the active caseload of 67, as at 31 December 2017, 15 per cent of cases are unsubstantiated, 10 per cent are substantiated and the remaining 75 per cent are in process (of which, however, a number are proposed to be closed).

Lessons learned from investigations

51. The investigations carried out in 2017 identified a number of key issues from which lessons can be learned:
- the need for an improved corporate understanding of the procedures for fraud, misconduct and investigation and the responsibilities of individuals in this respect;
 - the need for staff to better understand their duties under the accountability framework, in particular the duty to inform themselves of the rules and regulations;
 - the need to improve controls before payments are made and benefits afforded, to minimize the risk of cash transactions and to improve strategic controls over the Staff Health Insurance Fund (SHIF) payment approvals;
 - the need for improved and consistent monitoring of implementing partners and other collaborators.

Investigative processes

52. The IAO is continually reviewing internal investigative processes, where appropriate. A key deliverable is the standard operating procedures which will be introduced in 2018. The IAO has also adjusted the system of classification of fraud and misconduct, taking into account the agreed revised definition of fraud and the revised Anti-fraud Policy.⁷

⁷ ILO: Office Directive *Anti-fraud Policy*, IGDS No. 69 (version 2) of 12 January 2015.

Appendix I

List of internal audit reports issued in 2017

Index No.	Audit reference	Date issued
ILO		
1. The IAO Revised Audit plan for 2016–17	IA 1-6-1 (2017)	09.03.2017
2. Report on the internal audit of the ILO DWT for North Africa and Country Office for Egypt, Eritrea, Sudan and South Sudan	IAO/108/2017	24.01.2017
3. Report on the Internal Audit of the ILO's Decent Work Country Team for South Asia and Country Office for India	IAO/109/2017	09.02.2017
4. Report on the Internal Audit Desk Review of the ILO DWT and Country Office for the South Cone of Latin America in Santiago, Chile	IAO/110/2017	24.03.2017
5. Report on the Internal Audit of Knowledge Sharing in the ILO	IAO/111/2017	16.08.2017
6. Report on the Internal Audit of the ILO Projects Office for Haiti in Port-au-Prince, Haiti	IAO/112/2017	26.09.2017
7. Report on the Audit of the Renovation Project for the ILO Headquarters Building in Geneva	IAO/113/2017	04.12.2017
Turin Centre		
1. Report on the Pre-Implementation Review of the Turin Centre's revised Procurement Process at the International Training Centre of the ILO in Turin	IA-TC-51 (2017)	10.02.2017
2. Report on the Management of Activities and Participants Database at the International Training Centre in Turin	IA-TC-52 (2017)	16.05.2017

Appendix II

Summary of recommendations

Resource planning and recruitment

1. The incumbent office director did take steps to mitigate the risk of the impact of long-standing vacancies by requesting assistance from other offices in the region and an assistant from another office was sent on mission to support the office. This represents a good practice and could be used as a model in other regions to help field offices when needed. Regional offices should take the lead in coordinating steps to identify offices that need support and where such support could be obtained.
2. However, in order to coordinate the overall development cooperation programme in the country and assist in operational matters with other United Nations (UN) agencies on behalf of the ILO, such as representation on the UN country team and the security management team, the post of Coordinator for the ILO Programme was created. Given the importance of this post, the IAO recommended that a plan for its continued financing be assured. There are other similar project setups in the ILO and the Office should consider if the post of Project Coordinator is required.

Financial

3. The IAO acknowledges that the Office has taken action to reduce the number of recurring issues. Nevertheless, the three matters noted above have been repeatedly highlighted in internal audit reports. The IAO encourages the Office to enhance efforts to address these issues.

Gender equality

4. The Office should ensure that the practice is complied with so that constituents have the opportunity to consider any appropriate gender and diversity issues before a Decent Work Country Programme agreement is finalized. Any capacity issues in completing the Quality Assurance Mechanism process should be identified and a resolution sought. This should help ensure that gender and diversity issues are properly addressed.

Appendix III

List of investigation reports issued in 2017

Index No.	Date issued
Substantiated	
1. Implementing partner fraud	18.08.2017
2. False claims for medical compensation payments	23.06.2017
3. Forgery of bids for procurement	06.02.2017
4. Fraudulent claims from SHIF medical scheme	02.10.2017
5. Fraudulent claims for dependency benefit and educational grants	20.12.2017
6. Inappropriate use of the Internet and ILO resources	20.12.2017
7. Theft/misconduct	21.12.2017
Unsubstantiated	
1. Fraudulent claims from SHIF medical scheme	06.02.2017
2. Implementing partner fraud	31.01.2017
3. Recruitment irregularities	17.08.2017
4. Financial irregularities	14.12.2017
5. Inappropriate use of the Internet and ILO resources	14.06.2017
6. Recruitment irregularities	14.06.2017
7. Malware and network intrusion	14.06.2017
8. Abuse of authority	18.07.2017
9. External collaborator fraud	22.05.2017
10. Bribery and corruption of project staff	05.07.2017