



Governing Body

340th Session, Geneva, October–November 2020

Programme, Financial and Administrative Section

PFA

Audit and Oversight Segment

Date: 14 October 2020

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Eighth item on the agenda

Report of the Independent Oversight Advisory Committee

Purpose of the document

This paper transmits the 2020 report of the Independent Oversight Advisory Committee, for debate and guidance. See the draft decision in paragraph 5.

Note: The consideration of this item was deferred from the 338th Session (March 2020) of the Governing Body. This document is a revised version of [GB.338/PFA/6](#), updated with developments that have occurred since March 2020.

Relevant strategic objective: Not applicable.

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 will report to the Committee on Office follow-up to the recommendations contained in the attached report.

Author unit: Independent Oversight Advisory Committee (IOAC).

Related documents: [GB.316/PFA/6/1](#); [GB.316/PV\(&Corr.\)](#); [GB.331/PFA/7](#); [GB.331/PV](#); [GB.334/PFA/5](#); [GB.334/PFA/PV](#); [GB.335/PFA/6](#).

1. In accordance with its terms of reference,¹ the Independent Oversight Advisory Committee (IOAC) met in Geneva from 6 to 7 June 2019, from 18 to 20 September 2019, and from 29 to 31 January 2020.
2. During this period, the IOAC comprised the following members:
 - Ms Malika AIT-MOHAMED PARENT (France/Switzerland);
 - Mr Frank HARNISCHFEGER (Germany);
 - Mr Verasak LIENGSRIRIWAT (Thailand);
 - Ms Marian McMAHON (Canada);
 - Mr N.R. RAYALU (India).
3. The Director-General transmits herewith in Appendix I the annual report of the Committee to the Governing Body for its consideration.
4. As stated in paragraphs 10–12 of the report, the Committee proposed revisions to its terms of reference in order to ensure that the ILO reflects best practices identified by the Joint Inspection Unit (JIU). The Office transmitted these proposed revisions to the representatives of the Governing Body for informal consultation. The proposed revisions in track changes are presented in Appendix II of this document and submitted for consideration by the Governing Body.

▶ Draft decision

5. **The Governing Body took note by correspondence of the annual report of the Independent Oversight Advisory Committee contained in document GB.340/PFA/8(Rev.1) and deferred to a future session the consideration of the revised terms of reference of the Committee.**

¹ Approved by the Governing Body at its 316th Session in November 2012 (GB.316/PFA/6/1; GB.316/PV(&Corr.), para. 650) and revised at its 331st Session in November 2017 (GB.331/PFA/7; dec-GB.331/PFA/7).

▶ Appendix I

Twelfth annual report of the Independent Oversight Advisory Committee (IOAC)

1. The IOAC is pleased to present its twelfth report on its work from 6 to 7 June 2019, from 18 to 20 September 2019, and from 29 to 31 January 2020. All meetings were quorate and all members affirmed and signed a declaration that they had no conflict of interest.
2. The IOAC has continued to follow a standing agenda based on the terms of reference that guide its work in order to ensure that all aspects of its responsibilities remain covered fully and comprehensively. During its meetings, the Committee met with senior Office officials, including the Director-General, the Deputy Director-General for Management and Reform, the Treasurer and Financial Comptroller, the Chief Internal Auditor, the Legal Adviser, the Director of the Human Resources Development Department (HRD), the Director of the Information and Technology Management Department (INFOTEC) and the Senior Risk Officer, in order to follow-up on matters from its previous sessions and to receive information on items within its mandate. In addition, the Committee received briefings on the ILO's procure-to-pay processes, travel policy and procedures and the Mediator's activities, as well as tours of ILO's Data Centre, document archives and library archives, with a view to broadening its understanding of the ILO's operations.
3. The Committee would like to extend its appreciation to the outgoing Treasurer and Financial Comptroller, Mr Greg Johnson, for his assistance, counsel and support since the inception of the IOAC. We look forward to continued excellent relations with the newly appointed Treasurer and Financial Comptroller, Mr Adnan Chughtai.
4. The Committee appreciated the opportunity to meet with members of the Governing Body in September 2019 for an informal briefing. The occasion provided an opportunity to discuss the Committee's work and observations as well as viewpoints of the Governing Body on issues within the scope of the Committee.
5. As noted in last year's report, the Committee updated some of its operating principles, including the adoption of an annual rotation of its Chairperson. Accordingly, Mr Frank Harnischfeger was the Chairperson for the 2019 meetings and Ms Marian McMahon is the Chairperson for the 2020 meetings. In preparation of the continued rotation, the Committee also nominated as Vice-Chairperson Mr Verasak Liengsriwat at its January 2020 meeting.

Financial reporting, audited financial statements, disclosure practices and external auditors' reports

6. The IOAC reviewed the quality and level of financial reporting including the annual financial statements, the financial report and the External Auditor's opinion and long form report. As reported orally to the Governing Body in May 2019, we reviewed the Financial Statements in detail and received satisfactory replies from both Management and the External Auditors. We were pleased to note that Management continued their practice of issuing their Statement of Internal Control as part of the financial reporting process. We reviewed the process related to the development of this statement and found it to be robust.

7. Based on our discussions with the External Auditor and review of their report, we were able to advise the Governing Body that the external audit plan was executed to address the risks identified in the plan. We are also pleased to note that the Office achieved an unmodified audit opinion of the 2018 financial statements; that, in the opinion of the External Auditor, they are presented fairly, in all material respects in accordance with International Public Sector Accounting Standards (IPSAS).
8. The specific issues addressed with the External Auditors included receiving assurance on the changes of assumptions used in the valuation of the After Service Health Insurance (ASHI) liability. We also appreciated the External Auditor raising the issue of investigation backlogs. Finally, we noted the recommendation for management to develop red flags and indicators in processing of the Staff Health Insurance Fund (SHIF) transactions in order to facilitate consistency and efficiency. We concurrently support management's position of zero tolerance for fraud within the SHIF and encourage a resolution that would address both of these viewpoints.

Accounting policies and standards

9. The Committee was briefed on the new accounting standards and noted that the additional disclosures made in the 2018 financial statements reflect the requirements of the new IPSAS standards that became effective in 2018. We will continue to receive regular briefings from the Office about ongoing changes to accounting policies and standards and their impact on the financial statements.

Audit/oversight committees – Evaluation

10. In 2019, the JIU of the UN system issued their report on the Review of Audit and Oversight Committees in the United Nations system.² In this report, there were 13 good practice criteria identified that were used to evaluate audit and oversight committees in the UN system. In January 2020, the IOAC reviewed each criterion in order to evaluate the ILO's current status and to propose any amendments necessary to ensure compliance with these good practices.
11. Consequently, the IOAC has identified amendments required to the Committee's terms of reference in order to reflect current best practices within the UN system. These amendments included:
 - updating the scope concerning the Office of Internal Audit and Oversight (IAO) to reflect the Committee's current oversight role for investigations;
 - identifying the need for the Committee to receive a copy of the evaluation division's approved work plan in order to ensure all internal oversight functions are working in a coherent manner (no proposed oversight of evaluation function at ILO by the IOAC);
 - adding a specific commitment of the Committee to perform periodic self-assessments;
 - adding a specific requirement to have the terms of reference reviewed on a periodic basis in order to ensure emerging priorities and best practices are identified on a timely basis.
12. In addition to the above, the Committee noted a minor discrepancy between paragraph 17 of the terms of reference and the Declaration of Independence with regard to the channel of reporting by the Committee members on any change in their

²JIU/REP/2019/6.

professional situation, or any other matter that could be perceived to influence their independence or capacity to act. An additional precision has been proposed in the Declaration of Independence for alignment with paragraph 17 of the terms of reference.

13. Further to the feedback received through the informal consultation process with members of the Governing Body on the above-proposed amendments, the Committee deemed it necessary to propose the following additional amendments:
 - including the review of Office responses and actions taken on JIU recommendations that are relevant to its mandate;
 - aligning with other governance documents with regard to the Committee's role in providing advice on investigation and ethics;
 - adding as a specific requirement an induction programme for new members;
 - documenting the existing arrangement for a dedicated budgetary allocation to support the Committee's mandated activities.

▶ **Recommendation 1 (2020)**

The Committee requests that the Governing Body approve the recommended amendments to the IOAC's terms of reference in order to ensure that the ILO reflects best practices identified by the Joint Inspection Unit.

Information Technology

14. The Committee was briefed on the progress made on the Information Technology (IT) Strategy and the implementation of changes required to the plan in order to reflect the Governing Body's decision in March 2019 to reduce the requested amount of funds allocated to IT.
15. The Committee was provided with the final progress report on the IRIS implementation completed in 2019. We appreciated having the opportunity to discuss the impacts of this significant IT implementation with representatives from various user groups.

Follow-up on Recommendation 1 (2019):

The Committee requests a strategic approach be developed to ensure the future inclusion of the project locations into the ILO centralized IT framework, including a sustainable solution to the financial implications

16. The Committee followed up on its recommendation that future projects were to be costed to include all necessary IT infrastructure elements (such as appropriate Internet connectivity, firewalls, PCs, network devices, and data storage) to enable them to use IRIS in a secure and reliable manner. We understood that discussion on this matter was ongoing but no clear provision was in place yet. In light of investments over a 15-year period into an Enterprise Resource Planning (ERP) system to improve transparency, consistency and control of resource consumption (focused on Finance and Human Resources), the Committee views this as a lost opportunity.
17. The Committee will continue to look into the approaches and policies that the organization employs to harness technology and to manage the risks around it. A lack of rigour in this area could lead to increased risk and/or reduced effectiveness and could send the wrong message to staff and stakeholders of the ILO of the commitment to effective and efficient management of technology.

Risk Management and Business Continuity Management

18. The Committee reviewed the draft Strategic Risk Register for 2020–21 and took note of the adjustments made, including the new risks considered. It was briefed about the tasks completed in 2019 in relation to the 2019 work plan as well as the 2020 work plan. Of particular note, the Committee was pleased with the proposal for measuring success through specific key performance indicators (KPIs).
19. The Committee was encouraged to hear that the risk management function sees as its responsibility to not only evaluate but also to ensure the value of the processes it is about to implement. We encourage management to measure the success of these initiatives through the proposed KPIs.
20. In the area of business continuity management, the Committee was pleased to note that a business continuity plan template and user guide had been developed. We support the simulation exercises planned for 2020.

Internal audit and investigations

21. With regard to the performance of the internal audit function, we were satisfied with the risk based audit plan and underlying risk analysis. In the year, the Committee identified an internal audit report for a detailed review. We discussed the audit process with the team, feedback (including benefits realized) with the country office representative and the follow up process on recommendations. We were satisfied with the level of engagement of all parties in this exercise.
22. As a result of this review, the Committee recommended that management identify alternatives to ensuring the continued oversight of recommendations that had not been fully implemented by the six-month update process currently used. We were pleased with the proposal to implement a continuous follow up on implementation of recommendations until their completion.
23. The Committee requested that the Chief Internal Auditor prepare a concept paper on the Long Term Strategic Plan for IAO in terms of meeting the organizational needs and its operational effectiveness and efficiency. We received this document and discussed the key deliverables identified at our January 2020 meeting. We are satisfied with the longer-term vision and the plans in place to achieve this.

Follow-up on Recommendation 2 (2019):

The Committee encourages the IAO to address the backlog of the investigation of allegations as planned in 2019 completion remains critical for the effective risk management of the ILO

24. In the area of investigations, the Committee was pleased to note the progress made in the year in addressing the backlog of investigation cases. While progress has been made, there still remains a significant number of cases to be addressed. We encourage management to ensure adequate staffing and resourcing are dedicated to this function.
25. The Committee was also informed of a current JIU project on the “State of the Investigation Function: Progress made in the UN system organizations in strengthening the investigation function”. We encouraged management to undertake a review of the recommendations when issued to ensure ILO continues to reflect best practice in this area.

▶ Recommendation 2 (2020)

The Committee encourages management to implement the enhanced follow up of audit recommendations until they have been fully implemented.

▶ Recommendation 3 (2020)

The Committee also encourages IAO to implement the Long Term Strategic Plan for their activities in order to ensure its continued effectiveness and efficiency.

ILO Administrative Tribunal

26. At the request of the Governing Body, the Committee reviewed the background, financial model and workload of the ILO Administrative Tribunal. The Committee understood that the current financial model had fixed costs covered by all member agencies, based on the number of staff on strength, and variable costs covered on a case-by-case basis by the agency involved. This is considered a sustainable model even when organizations withdraw as only the variable costs associated with those specific entities are no longer shared among the remaining client base.

Staff Health Insurance Fund (SHIF)

27. In the last number of years, the Committee was periodically updated on the developments around the controls within the SHIF in response to the fraudulent activities identified.

Follow-up on Recommendation 3 (2019):

The IOAC recommends a swift decision on the topic of the organizational model to manage the fund in order to accelerate the implementation of a cost-effective solution. Due consideration should be given to economies of scale, organizational capabilities, focus on core competencies, fraud detection capabilities available in large-scale applications in the market and best practices applied by other organizations in a similar context

28. The Committee was pleased to note that progress had been made on this recommendation, specifically, management's commitment to an in-house model to deliver these services. We have asked for a future discussion on the progress made in improving internal controls over processing these transactions and any outsourcing in use.

Update of past recommendations

29. The three recommendations made in the March 2019 report to the Governing Body have been followed up and addressed in the previous sections of this report.
30. From the March 2018 report, the Committee was not fully satisfied with the Office's response to the recommendation on Human Resources Skills Development.

Follow-up on Recommendation 4 (2018):

The Committee encourages management to consider including in employee performance appraisals, incentives to encourage them to build futurist skill sets and thus take charge of their career and become a positive force for change management

31. As noted last year, “ ... While we recognize that our written recommendation may have been too generally worded, our discussions around this issue were clearly focused on training and redeploying staff as a result of the Business Process Redesign”. In the current year, we were provided with updates on workforce planning and succession planning; the recruitment and selection process; career development and reskilling of staff; and the Action Plan on Diversity presented to the Governing Body in November 2019. We will continue to monitor the progress on addressing the human resource impact of the Business Process Redesign.

2020 Work Plan

32. Looking ahead to the Committee’s work in 2020 the preliminary focus will be on the following areas of the mandate:
- **Financial statements and external audit:** issues arising from the audited financial statement and the reports from the External Auditor.
 - **Internal audit and investigations:** the scope, plan, resources, performance of the internal audit and investigations function as well as the appropriateness of the independence of this function. We will also continue to monitor how the Investigations backlog is being addressed.
 - **Risk management and internal controls:** the effectiveness of the ILO’s internal control systems, including the operationalization of the Office’s risk management and internal governance practices.
 - **Compliance and probity:** the systems established by the ILO to maintain and promote compliance with laws, regulations, policies and high standards of integrity and ethical conduct. We will also continue to follow on the subjects of anti-fraud, the prevention of harassment, sexual harassment and authority abuse, and other related policies.
 - **Knowledge of operations:** a visit to the Regional Office in Bangkok is proposed in the fall of 2020 with the objective to better understand the effectiveness of the internal control systems at the regional, country and project level.
33. The Committee also wishes to emphasize that it stands ready to perform any other duties consistent with the mandate as requested by the Governing Body.

Geneva, 23 August 2020

(Signed) Ms Marian McMahon
Chairperson

▶ Appendix II

Terms of reference for the Independent Oversight Advisory Committee of the International Labour Office

Purpose

1. The Independent Oversight Advisory Committee (IOAC) is a subsidiary body of the Governing Body. It serves in an expert advisory capacity and provides independent, external, senior level, expert advice to the Governing Body and to the Director-General in fulfilling their governance responsibilities, including ensuring the effectiveness of the International Labour Office's (ILO) internal control systems, risk management and governance processes. The IOAC aims to add value by strengthening accountability and governance within the ILO.
2. The IOAC will provide advice to the Governing Body and the Director-General on:
 - (a) the quality and the level of financial reporting, governance, risk management, and internal controls in the ILO;
 - (b) the responses and actions taken by ILO management on ~~the internal and~~ external audit ~~and the Office of Internal Audit and Oversight (IAO)~~ recommendations, as well as Joint Inspection Unit recommendations as appropriate;
 - (c) the independence, effectiveness and objectivity of the ~~internal and~~ external audit ~~and the IAO~~ functions and their coordination with other oversight functions including ethics and evaluation; and
 - (d) the interaction and communication between the Governing Body, the External Auditor, the Chief Internal Auditor, the Ethics Officer, and ILO management.

Responsibilities

3. The specific responsibilities of the IOAC include advising the Governing Body and the Director-General on the following:
 - (a) Financial statements: issues arising from the audited financial statements and reports produced by the External Auditor for the Governing Body.
 - (b) Accounting: the appropriateness of accounting policies, standards and disclosure practices and any changes and risks thereto.
 - (c) External audit: the scope, plan and approach of the External Auditor's work. The IOAC may be requested by the Governing Body to provide advice on the appointment of the External Auditor.
 - (d) Internal audit and investigation: the scope, plan, resources, policies and performance of ~~the internal audit both~~ functions, and of the Chief Internal Auditor, and the appropriateness of the independence of ~~this these~~ functions. The IOAC may be requested by the Governing Body to provide advice on the appointment and/or termination of the Chief Internal Auditor. The IOAC may also provide advice to the Governing Body in cases of allegation of fraud or allegation of retaliation concerning the Director-General.

- (e) Risk management and internal controls: the effectiveness of the ILO's internal control systems, including the Office's risk management and internal governance practices.
- (f) Financial regulations and rules: the operation and effectiveness of the Financial Regulations and Financial Rules.
- (g) Compliance and probity: the systems established by the ILO to maintain and promote compliance with laws, regulations, policies and high standards of integrity, accountability and ethical conduct ~~to prevent conflicts of interest.~~ The IOAC may be consulted and provide advice on the performance, appointment and/or termination of the Ethics Officer.
- (h) Perform any other duties consistent with the mandate as requested by the Governing Body.

Authority

- 4. The IOAC shall have all the necessary authority, including free and unrestricted access to information, records or staff within the ILO in order to fulfil its responsibilities.
- 5. The IOAC will have unrestricted and confidential access to the Chief Internal Auditor and the External Auditor, the Ethics Officer, and vice versa.
- 6. Any proposed amendment to these terms of reference shall be submitted to the Governing Body for approval before becoming effective.
- 7. The IOAC, as an advisory body, has neither executive authority nor other operational responsibilities.

Composition

- 8. The IOAC shall comprise five independent expert members serving in their personal capacity.
- 9. Professional competence, experience and integrity shall be of paramount consideration in the selection of members. Membership shall reflect the tripartite and international nature of the International Labour Organization and have due regard to:
 - (a) geographical distribution;
 - (b) gender balance;
 - (c) public- and private-sector experience; and
 - (d) developed and developing countries.
- 10. All IOAC members should have experience and appropriate qualifications as a senior oversight professional, auditor or senior financial manager.
- 11. All IOAC members shall be proficient in at least one of the three working languages of the ILO.
- 12. To undertake their role effectively, members of the IOAC should possess knowledge, skills and senior-level experience in at least one of the following areas:
 - (a) finance and audit;
 - (b) organization governance and accountability structure, including investigation, ethics and risk management;
 - (c) senior-level management;

- (d) the organization, structure and functioning of the United Nations system and/or other intergovernmental organizations; and
- (e) a general understanding of the ILO's mandate, values and objectives.

Collectively, the committee should possess knowledge, skills and senior-level experience in all of the above areas.

13. Members should have, or acquire rapidly, an understanding of the mandate, values and objectives of the Organization, its tripartite governance and accountability structure and the relevant rules governing it, and its organizational culture and control environment.

Independence

14. Since the role of the IOAC is to provide objective advice, members shall remain independent of the International Labour Office, the Governing Body and the International Labour Conference, and shall be free of any real or perceived conflict of interest.
15. Members of the IOAC shall:
 - (a) not hold a position or engage in any activity that could impair their independence from the ILO;
 - (b) not currently be, or have been within the three years prior to appointment to the IOAC, employed or engaged in any capacity by the ILO, or have an immediate family member (as defined by the ILO Staff Regulations) working for, or having a contractual relationship with, the ILO; nor shall the member have been an applicant for employment at the ILO within the same time period;
 - (c) not currently be, or have been within the three years prior to appointment to the IOAC, a member of the ILO Governing Body nor have an immediate family member (as defined by the ILO Staff Regulations) serving as a member of the ILO Governing Body;
 - (d) not currently be, or have been within the three years prior to appointment to the IOAC, an employee of a member of the United Nations Panel of External Auditors or a member of the Joint Inspection Unit; and
 - (e) not be eligible, nor an immediate family member, for any senior employment with the ILO for at least three years immediately following the last day of their tenure on the IOAC.
16. IOAC members shall serve in their personal capacity and shall not seek or accept instructions in regard to their work on the IOAC from any government, constituent or other authority internal or external to the ILO.
17. Prior to the first scheduled meeting of the IOAC in each calendar year, members of the IOAC shall sign an annual declaration of independence and statement of financial interests (annex). Members shall also inform the Director-General of any change in their professional situation, or any other matter that could be perceived to influence their independence or capacity to act.

Selection, appointment and term

18. Members of the Committee shall be appointed by the Governing Body following a triennial tripartite selection process as set out in the following paragraphs.

19. The Director-General shall:
 - (a) place a call for expressions of interest from suitably qualified and experienced individuals through, inter alia, advertisements in reputable international magazines and/or newspapers with wide geographical circulation, and on the Internet; and
 - (b) inform ILO Governing Body members and other Member States of the search process.
20. The Director-General shall engage an external consultant, specialized in the recruitment for senior positions, to screen all applications, interview candidates deemed suitable, and prepare a shortlist of the most suitable candidates (at least ten, ideally, and not exceeding 15) based on the criteria contained in paragraphs 10–12 above. In finalizing the shortlist, the consultant shall have regard to the diversity referred to in paragraph 9. The consultant shall also provide a report containing a brief assessment of the unsuccessful candidates. The consultant will be engaged following a competitive procurement process in accordance with the ILO's Financial Rules and related procedures, the results of which shall be reported to the Governing Body.
21. A selection panel (comprising a representative of the Government group chair, representatives of regional groups, the Employers' group and Workers' group) shall receive the consultant's report, review the shortlisted candidates, taking into account the criteria contained in this document, and propose a list of candidates, equal to the number of current vacancies on the IOAC, to the Officers of the Governing Body. The information to be provided to the Officers shall include each candidate's name, gender, nationality, qualifications and professional experience. The decisions of the selection panel will be made to the extent possible by consensus. If there is no consensus the issue will be referred to the Officers.
22. The Officers shall review the proposal and, if in agreement, refer it to the Governing Body for final consideration and approval.
23. The selection panel shall also create and retain a list of at least four suitably qualified and diverse candidates for consideration by the Officers and the Governing Body, in order to propose alternative candidates should any candidate of the first list not be approved by the Officers or the Governing Body, or to fill a vacancy arising for any unforeseen reason (for example resignation or incapacity) during the term of the Committee.
24. Members of the IOAC are appointed to serve for a term of three years, renewable for a second and final term of three years, which need not be consecutive. To ensure continuity of membership, at the end of each term, two or three members shall be replaced. Where an insufficient number of members is completing a second term of membership, the drawing of lots will determine which members shall be eligible for reappointment.
25. New members should have a structured induction programme organized by the ILO Secretariat in consultation with current IOAC members, which provides an understanding of the objectives of the Organization, its structure and culture, and the relevant rules governing it.
26. The Chairperson shall be selected by the IOAC members from among their number and shall serve in this capacity for a maximum of one three-year term.
27. A member of the IOAC may resign his/her membership by giving notice in writing to the Chairperson of the Governing Body. A special temporary appointment for the remainder

of the outgoing member's term shall be made in accordance with the provisions set out in paragraphs 23 and 27 to cater for such a vacancy.

28. A member appointed by the Governing Body during the term of the Committee shall serve the remainder of the term of the outgoing member and shall be eligible for reappointment to the IOAC for a second and final term.
29. An appointment to the IOAC may only be revoked by the Governing Body.

Meetings

30. The IOAC shall meet, ~~in principle at least~~ three times per year, normally in January, May and September, ~~and up to four times but not less than twice~~ per year ~~if necessary~~. The exact number of meetings per year will depend on the agreed workload for the IOAC and the most appropriate timing for consideration of specific matters. Interpretation shall be provided during the meetings, as necessary, in the three ~~official~~working languages of the ILO.
31. Subject to these terms of reference, the IOAC may establish its own rules of procedure to assist its members in executing their responsibilities. The IOAC rules of procedure shall be communicated to the Governing Body for its information.
32. The IOAC's deliberations shall be through group discussion. As such members are expected to attend all scheduled sessions of the Committee. As members serve in a personal capacity, alternates are not permitted. The quorum for the IOAC is three members.
33. The Director-General, External Auditor, Treasurer and Financial Comptroller, Chief Internal Auditor and the Ethics Officer, or their representatives, shall participate in meetings when invited by the IOAC. Other ILO officials with functions relevant to the items on the agenda of the IOAC may likewise be invited.
34. The deliberations of the IOAC and the minutes of its meetings are confidential. All documents and information submitted to or obtained by the members shall be used solely for the purposes of the IOAC deliberations and shall be treated as confidential.

Reporting

35. The Chairperson of the IOAC will present an annual report containing advice, observations and recommendations as appropriate, both in writing and in person, for consideration by the Governing Body at its March session.
36. Interim reports addressing key findings and matters of importance may be submitted to the Governing Body at the discretion of the IOAC or request of the Governing Body, at any time. The Chairperson of the IOAC may inform the Officers of the Governing Body at any time of any serious governance issue. The Chairperson of the Governing Body shall also ensure consultations with the Government group of the Governing Body.

Self-assessment and continuous review

37. The IOAC shall perform periodically a self-assessment on its effectiveness relative to its terms of reference.
38. On a periodic basis or at least once every three years, in order to ensure that emerging priorities and best practices are identified, the IOAC shall review its terms of reference and propose amendments to the Governing Body as necessary.

Administrative arrangements

39. Members of the IOAC will provide their services pro bono.
40. Members of the IOAC shall, in accordance with the travel procedures applying to members of the Governing Body:
 - (a) receive a daily subsistence allowance for periods of attendance at IOAC meetings or when on other official IOAC business; and
 - (b) for those not resident in the Canton of Geneva or neighbouring France, be entitled to reimbursement of travel expenses, to attend the IOAC sessions.
41. The Treasurer and Financial Comptroller's office will provide secretariat support to the IOAC.
42. The ILO shall include in its biennial budget a specific allocation for the IOAC, providing for the costs associated with the Committee's mandated activities, namely three to four formal sessions per year, attendance by IOAC members at Governing Body sessions and at other meetings as required, support by the IOAC Secretariat, and, as required, external consultants.

Indemnity of members

43. The ILO will indemnify and hold the members of the IOAC harmless from and against any claims, damages or losses suffered by them as a result of activities performed in the course of exercising their responsibilities, as long as those activities are performed in good faith and with due diligence and that the ILO is immediately informed of any situation in which such claims, damages or losses might arise.

▶ Annex

International Labour Office

Declaration of independence of members of the Independent Oversight Advisory Committee

I _____ declare to the best of my knowledge that, having read the terms of reference of the International Labour Office's Independent Oversight Advisory Committee (IOAC), I am eligible to serve as a member of that Committee. I undertake to discharge my functions and responsibilities as a member of the Committee with the interests of the International Labour Organization alone in view and not to seek or accept instructions in regard to the performance of these functions from any government, constituent organization or other authority external or internal to the International Labour Organization.

I also declare that I have no personal, financial or other interests that could or could be seen to influence the advice I am giving in the course of my duties as a member of the IOAC.

To the best of my knowledge, no member of my immediate family has personal, financial or other interests that could or could be seen to influence the advice I am giving in the course of my duties as a member of the IOAC.

Should there be any change in my relationship with the International Labour Organization with respect to my independence, I will immediately inform the Chairperson of the ILO Governing Body [through the Director-General](#).

Signed: _____

Date: _____