

GB March 2021
PFA Employers' written comments

- [PFA/9](#) **Report of the Chief Internal Auditor for the year ended 31 December 2020**

The Office of Internal Audit and Oversight's (IAO) revised and refocused audit plans executed through remote audits in the context of COVID-19 exemplifies the continuity of an essential Office function to investigate critical matters and offer audits.

The expansion of the IOA's mandate to cover allegations of sexual exploitation and abuse, and retaliation against whistle-blowers will allow the Office to ensure that all staff members and beneficiaries are not subject to conduct that is strictly prohibited and afford staff with protection who report cases of wrong-doing. The Employers' Group stress that the issue of confidentiality is of paramount importance when investigating cases to protect both victims and potential perpetrators.

A culture of prevention on misconduct is critically needed. The first virtual meeting conducted by the Ethics Officer, the IOA and Human Resource Department (HRD) among staff in Africa is a step in the right direction. The Employers' Group further call for such training be offered to all staff, including those in Technical Cooperation positions, at all levels, and be included in key staff capacity development programmes, such as the staff orientation course. The Office should further consider developing a mandatory course on ethics, harassment and fraud as fraudulent statements about benefits and entitlements, and professional misconduct constitute the highest share of substantiated cases.

Continued cases related to Staff Health Insurance Fund (SHIF) fraud and implementation agreements are of a concern. In particular the field audit again reveals the inappropriate use of grant agreements as an alternative to implementation agreements which require a higher level of financial and technical reporting. The Employers' Group express strong support to the IAO's recommendation and also request that a thorough review of all grant agreements be conducted to ensure that the use of grants is fully justified and reporting on activities be reviewed and validated.

In relations to the substantiated cases, the Employers' Group stress the importance of communicating the findings and the lessons learned to all staff members by senior management of the ILO. It is important to note that the Office also bears a responsibility for misdeed that occurs if consequential management is not in place and an effective grievance procedure does not exist. Senior managers at the ILO need to provide proper leadership and institute systems that facilitate ethical conduct and create a climate that can strengthen the relationships and reputations on which the Office's success depends.

Governing Body – 341st Session, March 2021
Programme, Financial and Administrative Section
Audit and Oversight Segment

Workers’ Group Comments

Document for Ballot by Correspondence

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Report of the Chief Internal Auditor for the year ended 31 December 2020

The Workers’ Group thanks the Office for this comprehensive account of the Internal Auditor’s work throughout 2020. We acknowledge the difficulties in which audits were undertaken given lockdowns and travel restrictions and urge the Office to ensure a continuous effort in maintaining the number and quality of audits undertaken in previous years both in headquarters and in the field. A continuous degree of adaptation is important as stated by the Internal Auditor, given that the restrictions of movement and office closures are likely to impact the work of the Internal Auditor throughout 2021.

Remaining on the subject of Covid-19, we thank the Internal Auditor for reviewing the Office’s ability to adapt to the current circumstances which is critical for the functionality of the Office and ILO as a whole. We further note with satisfaction that the Office has shown a “high level of agility” particularly in terms of its communication strategies, Covid-19 specific outputs (such as the ILO monitors) and Office management procedures (adaptation of human resources policies and use of IT). In this regard, it is also important to ensure training of staff to adapt to remote work.

In respect of the assurance audit undertaken this year in West African country and project offices, we note with concern that the Internal Auditor states that a number of recommendations aimed at strengthening the internal control environment in areas of finance, IT, safety as well as management have been recurring themes of many audits in the past. This, coupled with the fact that 3 of the 12 assurance audits published in 2019 are still not properly followed up 14 months later is concerning as the appropriate follow up and implementation of recommendations is crucial. We therefore join the Internal Auditor in urging the Office to take action to ensure the implementation of all internal audit recommendations in a timely manner.

Lastly, we took note of the investigations undertaken in 2020 and urge the Office to consider the implementation of the lessons learned as proposed in paragraph 41.

**GB 341, PFA 9, Report of the Chief Internal Auditor for the year ended 31
December 2020
IMEC statement, 13.3.2021**

1. IMEC would like to thank the Office for the report of the Chief Internal Auditor for the year ended 31 December 2020, PFA 9, and also for the virtual briefing.
2. Like in previous years, we would like to express our appreciation for the extremely important work of the Chief Internal Auditor and the Office of Internal Oversight and Audit (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 guides the future development in these areas.
3. The COVID-19 disease has caused major difficulties for the IAO to perform its duties in the normal way, as mission travels have been severely restricted and site visits became impracticable, as the staff was teleworking both in Geneva and in field locations. The staff could not meet with auditors or present necessary original documents, kept in the offices.
4. We welcome and stress the importance of developing new activities enabling the conduct of auditing in these exceptional circumstances, such as remote audits taking advantage of the completed rollout of the ILO's Integrated Resources Information System in all ILO's established field offices and in many project offices. Also investigation cases continued to be processed using inter alia remote verification and remote interviewing techniques.
5. As the report says, it is still impossible to predict when a return to pre-pandemic conditions of travel and office attendance will be possible. IMEC therefore encourages the IAO to continue developing new innovative working methods, some of which might even be useful in the post pandemic time.
6. We congratulate the IAO of being able to issue during 2020 inter alia one assurance audit report covering a field office in Africa and one advisory report relating to headquarters function. We also welcome the cooperation between other international organisations to discuss the impact of COVID-19.
7. IMEC is satisfied to read in para 25 that according to the IAO's findings the Office has demonstrated a high degree of agility, commitment and resourcefulness to adapt or change working practices and policies to continue the delivery of the ILO's programme and budget work. The Office has managed to continue its

operations and maintain the health of staff by increased use on information technology.

8. We however stress also the importance of the five strategic recommendations listed in para 23.
9. As previously, we encourage the Office to implement and report on all audit recommendations in a timely manner. We take note of the findings that in many cases, the responsible unit did not present an action plan on the issue within the required three months and many of the accepted recommendations were not addressed within the six months deadline.
10. IMEC stresses once again the importance of risk management. As recommended by the IAO, use of risk assessments in early stages of development cooperation projects assists in reducing fraud. Also liaising with Senior Risk Officer when planning large-scale project is recommendable. For ILO's accountability we underline the importance of the proper implementation of the proposed recommendation 2 of IOAC (and PARA 30, PFA 8) concerning handling of the wrongdoings at the ILO. It is crucial that management is committed to promote the open culture and the internal processes in order to make reporting for personnel easy, safe and encouraging.
11. We appreciate the important investigations work the IAO pursued in 2020, despite the challenges of conducting such work in a primarily remote environment as a result of COVID-19. We do note the continued occurrence of substantiated cases of fraud and professional misconduct, and we support the IAO's conclusion that additional trainings are needed to address issues related to ethical conduct of ILO officials, inclusive of staff obligations regarding outside activities. We also note with concern the persistent growing backlog of cases under investigation. This might discourage reporting misconduct and should therefore be addressed. We further agree with the IAO's assertion that hiring a full-time Ethics Officer, as proposed in the Programme and Budget for 2022-23, would facilitate implementation of trainings in those areas. However, the ILO Ethics Office should also review as soon as possible current training packages and revise or develop, as necessary, targeted, structured, and regular trainings to improve awareness of the ethical conduct standards required of ILO staff.
12. IMEC invites the Office to implement also the other recommendations of the IAO, such as improved verification of invoices and replacing the use of cash advances by alternative electronic means to transfer funds to seminar participants and vendors.
13. With these remarks IMEC supports the point for decision in para 4.