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Report of the Chief Internal Auditor for the year ended 31 December 2011

Purpose of the document

This paper contains the Report of the Chief Internal Auditor on significant findings resulting from internal audit and investigation assignments undertaken in 2011 for consideration by the Governing Body.

Relevant strategic objective: Governance, support and management.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Follow-up action required: The Office to provide a follow-up.

Author unit: Office of Internal Audit and Oversight (IAO).

Related documents: GB.310/PFA/5/2, GB.313/PFA/6/1, GB.313/PFA/4.

1. 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 2011.
2. 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 are thoroughly evaluated and there is constant dialogue between managers and the Chief Internal Auditor to give effect to them.

Appendix

Report of the Chief Internal Auditor on significant findings resulting from internal audit and investigation assignments undertaken in 2011

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 Audit Charter, which was approved by the Governing Body at its 301st Session, in March 2008, with a revised version approved by the Governing Body at its 307th Session, in March 2010.
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. In its work, the IAO adopts a proactive approach to facilitating the assessment of risks and internal controls, as well as promoting a cohesive Office-wide approach to risk management and a learning culture in support of management's processes to enhance efficiency, effectiveness and value for money in the activities of the Organization.
3. The IAO conducts its audits in accordance with the Institute of Internal Auditors International Standards for the Professional Practices of Internal Auditing.
4. The IAO's mandate also includes responsibility to conduct investigations into allegations of financial or administrative misconduct and other irregular activities. The IAO conducts its investigations in accordance with the Uniform 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. 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 audit and investigation results

Assurance audits

6. During 2011, the IAO conducted three audits at headquarters, and ten field audits, which included two follow-up audits, and issued six assurance audit reports, and one follow-up report (Annex I refers). Four of the assurance audit reports issued in 2011 related to audits for which the IAO had completed the fieldwork in 2010. The reports concerning eight field audits are in the process of being finalized and shall be issued in 2012.
7. The results of the IAO's activities as reported to management during the course of 2011 found many positive aspects. However, the IAO also identified areas where oversight, internal controls and processes could be further enhanced and improved. Where applicable, the IAO included a review of the use of Regular Budget Supplementary Account (RBSA) funds during its audits, and recommendations were made to improve the controls over the

use of these funds in one country office. The IAO does not provide comment on those areas that have not been subject to an internal audit during 2011.

8. As this report provides a summary of key findings and common themes, a number of high-level recommendations have been proposed, a summary of which is included in Annex II.

Investigations

9. In 2011, the IAO issued four investigation reports. During 2011, the IAO received 18 allegations, of which seven cases remained open at the end of 2011.

Office-wide issues

10. The IAO's reviews, investigations and other activities identified a number of issues that have Office-wide implications, as reported below, which the IAO believes presents the Office with an opportunity to strengthen further the ILO's system of internal control and the efficiency and effectiveness of its operations.

Internal governance

11. The IAO, through its audits and other activities notes that the Office has progressively improved its system of internal governance. The following paragraphs highlight key areas concerning risk management and business continuity planning where, in the IAO's view, additional progress could be made.

Risk management

12. In August 2009, the Office issued the ILO policy on risk management and it has been progressing with the development and implementation of risk management practices. In 2011, the IAO noted continued progress, building on the previous year's developments:

- The ILO has developed a guidebook on the ILO's Decent Work Country Programmes, which includes a section on risk management. The guidebook reflects the importance the Office places on risk management, and stresses the important role that it plays in achieving planned results.
- The Office reply to the 2010 Chief Internal Auditor's report to the Governing Body states that an Office Procedure and an Office Guideline are in preparation on risk management, and that an external consultant was hired to help with the development of a risk management governance framework. The consultant will also provide inputs to update the Office's risk management policy (if necessary) and to finalize the procedures and guidelines. This work is expected to be completed in 2012.
- The Office has developed a new e-learning programme, which will be mandatory for all staff. Risk management is seen as a cross-cutting theme within this programme, and will be included across all functional areas therein. The IAO was informed that risk management training for individual units is available upon request.

13. In order to embed further the concept of risk management within the ILO, the Office has an opportunity to formalize a lead sector or department to coordinate the continuing adoption and implementation of risk management across the ILO. The purpose would not be for the lead to assume responsibility for the major risks facing the ILO, as managing such risks properly lies with the concerned manager. However, such a coordinating role

would help ensure that risk management is implemented in a consistent manner. Moreover, a lead sector/department may be able to assist should there be a need to escalate a risk to a higher level of authority if strategic and resource considerations need to be taken into account. The IAO suggests that the Office conduct a cost–benefit analysis to inform any decision on providing additional resources to the lead sector/department, as further embedding risk management will have to be considered in the light of other competing priorities.

Business continuity planning

14. Business continuity planning (BCP) is essential for an organization such as the ILO, which operates in many countries, especially ones prone to natural disasters, at risk from acts of terrorism, civil unrest and/or from other catastrophic events. Headquarters has carried out a lot of work developing and drafting its BCP, and has run workshops in the field on how to develop tailored BCPs. However, the headquarters BCP was not formally adopted or fully tested. Review of BCPs as part of field audits revealed a similar picture, with most field offices preparing draft BCPs that have not been formally approved or tested. One country office informed the IAO that pending formal approval of their draft BCP, they use a UN business continuity plan.
15. Due to the many different environments in which the ILO operates, there is a need to leverage the good and comprehensive work that headquarters and field offices have already undertaken on developing BCPs and put in place a formal BCP process, including an appropriate level of period testing. From a benchmark of other UN organizations and agencies, the IAO found that a lead department, normally one that is within the equivalent of the ILO's MAS sector, coordinates Organization-wide BCP activity. The IAO therefore suggests that the Office clarifies the department responsible for coordinating and building on BCP activities that have been undertaken at headquarters and in the field. As with risk management the IAO suggests it would be prudent to carry out a cost–benefit exercise to help assess any resources that could be allocated to this task.

Staff development

16. The report of the Chief Internal Auditor for 2010¹ made a number of recommendations on staff development and training, especially in the areas of internal governance, financial management and administration.
17. The IAO notes the substantial progress made by the Office during 2011, as reported in its follow-up to the Chief Internal Auditor's report to the March 2011 Governing Body, including:
 - Developing an Internal Governance and Accountability Programme. The objective of the programme is to deliver the knowledge required to ensure staff members understand the accountability that is implicit in the decisions they take while fulfilling their responsibilities in the operations of the Office.
 - Delivering a number of workshops that address procedural issues on an ongoing basis, for instance, on project management, procurement, results-based management, IPSAS and HR procedures. The IAO was informed that these will continue to be organized, both at headquarters and at regional level, or targeting a specific country office.

¹ GB.310/PFA/5/2.

- Introducing a leadership development initiative, to allow managers to acquire an understanding of current good practice with regards to leadership. This included building skills on strategic thinking, change management and team building. The Human Resources Development Department (HRD) ran two pilot workshops in the final quarter of 2011, for which participants' feedback was very positive.
18. The above developments have gone a long way to address the concerns raised by the IAO in its previous reports to the Governing Body with respect to training. Field audits carried out during 2011 indicated that there is still a need for procedural training at the country office level. As part of HRD's training strategy, the IAO suggests it should identify those country offices that are a priority to receive training, as outlined in bullet point two above, or the workshops could be incorporated into the regional offices' meetings which are generally held once every biennium.

Headquarters audits

19. During 2011, the IAO carried out fieldwork on the Office's renovation project, and contracted a consultancy firm to conduct an IT audit of security with respect to the ILO's email system. At the time of writing, the consultants had drafted their report and sent it to management for their comments. Reports on both subjects will be issued during 2012 and will be summarized in the 2013 report to the Governing Body.

Performance audit

20. An internal audit department's primary responsibility is to conduct assurance audits. The aim of these audits is to provide assurance on the effectiveness of the system of internal controls within an organization. In recent times, there have been discussions within the internal audit community on ways to improve the level of service provided, while at the same time always bearing in mind the independence of the audit function, and the need to meet its primary responsibility. One area that has become prevalent is on "performance audits". These can be described as an assessment of the activities of an organization to see if the resources are being managed with due regard for economy, efficiency and effectiveness. In 2009, the IAO began to develop its performance audit capability and continued to do so in 2011 by organizing a workshop on performance audit.
21. In 2011, the IAO carried out a performance audit of the ILO's verification function, which plays an important role in checking internal controls in field offices. Verification units exist in all the four regional offices, each of varying size. The fieldwork has been completed and a report will be issued in 2012, which shall be summarized in the 2013 report to the Governing Body.
22. The IAO plans to conduct one performance audit per biennium.

Field audits

Assurance audits

23. The IAO issued assurance audit reports with respect to the ILO Regional Office for the Arab States in Beirut, Lebanon (RO-Arab States); the ILO Office for Nigeria, Gambia, Ghana, Liberia and Sierra Leone in Abuja (CO-Abuja); the ILO Country Office for Viet Nam (CO-Hanoi) and the EC-funded Technical Cooperation (TC) project, Labour Market Project (LMP); the ILO Decent Work Team for Central Africa and ILO Country Office for Cameroon, Angola and Sao Tome and Principe in Yaoundé (DWT/CO-Yaoundé); the ILO Office for the United Nations in New York (ILO-New York); and the ILO Office in the United States in Washington, DC (ILO-Washington).

24. The IAO has completed the fieldwork concerning six field audits, and will issue the related assurance internal audit reports in 2012.
25. In its assurance audit reports, the IAO commented on many positive aspects of operational, financial, budgetary management, and administrative controls. However, certain areas were noted where improvements could be made to enhance their respective systems of internal control. Some issues of concern were noted in more than one location.

Follow-up audits

26. See paragraphs 50 to 54.

Main findings of field audits

Delegation of authority

27. The IAO noted two country offices where, during periods of absence of the country office director, it was common practice for the office director to delegate authority as officer-in-charge (OIC) to a head of agency of a UN organization within the same country. The IAO was informed that in one of the countries this is a common practice throughout the UN system, and that the OIC was not permitted to sign cheques. However, a non-ILO staff member OIC does not have the authority to supervise ILO staff members nor to enter into financial or legal commitments on behalf of the ILO. Some country offices only have one international staff member; nevertheless, procedures should be set up to ensure that OICs, wherever possible, are always serving ILO officials. If it is not possible to appoint a serving ILO official, the Office should establish a protocol whereby country office directors must seek appropriate prior approval from their respective regional office to appoint a non-ILO OIC, defining clearly the boundaries of authority thereof.

Oversight of implementing partners

28. In three of the reports issued during 2011, the IAO noted that, while monitoring controls were in place over implementing partners, and had identified issues, it was not always on a consistent basis. The IAO concluded that oversight of implementing partners could be improved. In one country office, an implementing partner had submitted expenditure reports that exceeded the approved budget for agreed-upon activities, and had charged the ILO high costs for holding seminars on their premises. When the IAO brought this to the country office's attention, it was agreed that the amounts claimed had been higher than would have been expected, and attempts would be made to seek partial reimbursement.
29. During another field visit, the local office identified issues concerning seminar costs incurred by implementing partners, which after its initial intervention resulted in the Office recovering funds. The field office brought this matter to the attention of the IAO. On reviewing the operations of the seminars and related expenditure, the IAO noted that, had a more robust system of oversight been put in place over the seminar activities, the issues that arose might have been identified at an earlier stage, or even prevented. In addition, the IAO identified cases of potential duplicate payments with respect to external collaborators contracted to support implementing partners in delivering their programme of work. As a result of the IAO's review, the office re-examined ten external collaborator contracts to ensure that the ILO did obtain value for money. Subsequent to its review, the Office reported that they were satisfied with the work of the external collaborators and training provided to beneficiaries.

Performance management

30. Despite the recent initiatives undertaken by HRD to develop a new performance management system, the IAO noted that in three of the countries audited, performance appraisals were not up to date and in one country office, appraisals had not been completed for some staff for over five years. Ensuring that staff performance is monitored in a formal manner enables the Office to acknowledge and manage underperformance, as well as identify meritorious performance. Moreover, an established and effective performance management system is key to supporting an accountability framework and implementing results-based management.
31. HRD monitors completion rates for each stage of the performance cycle, reminding managers of the need to ensure proper completion thereof. In order to automate this process, the ILO's Information Technology Bureau, on behalf of HRD is developing and testing automatic alerts in the IRIS system that would prompt managers when it was time to complete each part of the performance cycle. The IAO's audits indicated that compliance rates, nonetheless, remain inconsistent. To address this issue, the Office in consultation with HRD and the regions should consider how best to encourage greater compliance in completing each stage of the performance cycle, especially focusing on instances where there is a persistent lack of compliance.

VAT exemption

32. In three countries visited by the IAO, procedures were not in place to ensure a consistent approach towards applying for reimbursement of VAT. In one office, VAT on regular budget expenditure was regularly submitted for reimbursement. However, the treatment of VAT on TC expenditure required clarifying as to entitlement, and who was responsible for monitoring and submitting VAT claims. Between January 2008 and June 2010, the IAO estimated that VAT totalling about US\$180,000 in that country might have been eligible for reimbursement.

Local procurement

33. Review of the procedures in place governing local procurement revealed weakness in controls in four country offices. In one office, a local contracts committee had been set up, however, the staff selected to be members of the committee had no background in procurement, nor had they received any training in procurement. Furthermore, headquarters was not aware of the committee's existence.
34. The IAO also noted that in the same country, the regular duties of the staff member acting as the main procurement officer coincided with the function where he was recommending purchases. This potentially represents a conflict of interest, as the staff member concerned was responsible for sending out bids and evaluating them before sending a recommendation to the office director in the name of the purchasing committee.
35. The ILO is in the process of establishing formal local contract committees in the regional offices, developing a procurement manual, and has drafted internal guidance to clarify roles and responsibilities with respect to procurement in the field and headquarters. The IAO recommends that the Office expedite the completion of the manual and guidance so that they can be issued to provide further support and guidance to field staff, and thus reinforce procurement practices in field offices. In addition, IAO suggests that the Office considers extending the requirement that staff in the headquarters procurement department sign an annual disclosure on conflicts, or potential conflicts, of interest to those officials with procurement responsibilities in the field. This would help raise awareness of ethical considerations when handling procurement matters in field locations.

RBSA

36. When applicable, the IAO audits contain a separate review of the use of the RBSA. The ILO issued an Office Procedure on the use of RBSA in April 2008, which was superseded by another Office Procedure in July 2010.
37. During 2011, the IAO reported on a country office that had received and expended RBSA funds during 2009. While the funds were applied for the purposes intended, the IAO identified a number of areas where internal control could be improved. For example, ensuring adequate work planning, confirming that sufficient supporting documentation was received in a timely manner to support expenditure, monitoring implementing partner's expenditure, and following established procurement procedures to help ensure that the ILO obtained value for money.

Investigations

38. In 2011, the IAO reported on four investigations. The first report concerned allegations relating to activities in one country office, including inappropriate contracts, hacking into official emails, seminar expenses being paid with insufficient documentation and concerns over local procurement. The IAO was able to partly substantiate the allegations on contracts and local procurement, and also with regard to the seminar expenses.
39. The second report related to alleged irregularities in respect of seminar expenses. The IAO substantiated the allegations. Ultimately, the ILO suffered minimal financial loss as funds were recovered, and possible dubious payments avoided. The case was submitted to the Accountability Committee.
40. In its third report, the IAO investigated an incident of petty cash theft of about US\$1,100. However, the IAO was unable to determine the identity of the thief.
41. The fourth report concerned allegations of possible mismanagement of project funds/resources by the then incumbent project manager. The investigation found sufficient evidence to support the allegations, identifying a number of payments and cash advances that could not be properly accounted for. The case was submitted to the Accountability Committee.

2011 allegations

42. In addition to the four investigation reports noted above, a summary of the status of allegations submitted to the IAO and the Treasurer and Financial Comptroller (TR/CF) during 2011 is as follows:
 - In 11 cases the allegations proved to be either unfounded, or related to administrative/management matters rather than fraud, misuse of assets, or other irregular acts.
 - Seven cases are ongoing to either complete the investigation, which shall be reported to the next March session of the Governing Body, or determine if a full investigation is merited.
43. In the course of conducting its investigations, the IAO identified a number of areas where internal controls could be improved, which were notified to the Office in separate internal audit reports. From 2012, all investigation reports will include a section on lessons learned.
44. From the four investigation reports issued in 2011, some of the allegations that the IAO substantiated may have been avoided through:

- better planning and monitoring of activities;
 - more robust monitoring of implementing partners, including greater scrutiny of expenditure incurred by them;
 - greater awareness of the potential impact of conflicts of interest between ILO staff members and implementing partners;
 - an assessment of implementing partners' capacity to deliver activities in accordance with ILO financial rules and procedures, with mitigating controls in place to ensure greater vigilance over those partners who are felt to have less capacity in this area; and
 - tighter controls over petty cash.
45. The IAO has made appropriate recommendations to address the above issues in its internal audit reports.

Follow-up of internal audit recommendations

46. The office of the TR/CF receives implementation reports from those entities that have been subject to an internal audit detailing the action they have taken to implement the IAO's recommendations. The office of the TR/CF critically reviews these reports and regularly prepares a summary status of implementation of internal audit recommendations.
47. The revised follow-up procedures continue to bring improvements in the quality of implementation and subsequent status reporting. However, meeting reporting deadlines remains an issue.
48. In three out of four cases where a response was due in 2011, the entity subject to review provided a complete implementation report. The IAO noted that none of the three managed to submit their response within the stipulated deadline of six months, requiring repeated reminders from the office of the TR/CF. In the fourth case, the entity was due to submit its implementation report by 17 October 2011, but it has not yet been finalized. Prompt reporting would avoid inefficient use of staff time in continually having to follow up on late reporting; and facilitate measuring progress against the indicators set out in the ILO's programme and budget document under Outcome 2: Effective and efficient governance of the Organization.
49. In September 2011, the Office updated its procedure on follow-up of recommendations of the IAO. It clarifies the responsibility of executive directors and regional directors in ensuring that appropriate and timely action is taken to implement the IAO recommendations, and that reporting deadlines are respected. The Independent Oversight Advisory Committee (IOAC) in its report to the March 2012 session of the Governing Body underpins the principles of responsibility outlined in the updated procedure. Given that the procedure was issued in September 2011, it is too early to assess how effective sectors and regions have been in implementing the provisions contained therein. However, to facilitate implementation, and complement the recommendation of the IOAC, the IAO suggests that for each sector and regional office a focal point be nominated to liaise directly with the office of the TR/CF. Given their proximity, the focal point could be assigned responsibility to follow up and report to the office of the TR/CF on the status of implementation reports, liaising directly with the entity that has been subject to an internal audit, as necessary.

Follow-up audits

50. In 2011, the IAO selected entities that could be subject to a dedicated follow-up audit to assess if they have implemented the IAO's recommendations in an efficient and effective manner, and on an ongoing basis, as stated in their implementation report submitted to the office of the TR/CF. The purpose of this is not only to comply with the Institute of Internal Auditors Professional Practices Framework, but also to strengthen the established follow-up procedure by validating the status of implementation, as reported to the office of the TR/CF.
51. In 2011, the IAO conducted two follow-up audits: To assess the Office's response to its 2009 audit of the ILO Decent Work Team for West Africa and ILO Country Office (DWT/CO–Dakar), and also to review implementation of its audit recommendations of the ILO Decent Work Team for South Asia and ILO Country Office for India (DWT/CO–Delhi).
52. The 2009 audit report on DWT/CO–Dakar contained 52 recommendations. Overall, the IAO found that DWT/CO–Dakar had taken reasonable action to address the issues raised, with 29 recommendations fully implemented, ten in the process of full implementation, 12 partially implemented and one recommendation that was now redundant following the office relocation.
53. The IAO identified five issues that DWT/CO–Dakar needed to address during its fieldwork, however, by the time of writing the report, it was pleased to note that the office had taken steps to implement action on these.
54. The IAO will issue a report on its findings with regard to DWT/CO–Delhi in 2012.

Client service

55. During 2011, the IAO provided additional services upon the request of management including providing feedback on the Office's procurement manual; providing advice on the wording of audit clauses within donor agreements; and commenting on guidelines for implementing partner agreements and annexes. The IAO also conducted a financial audit of a TC project at the request of management.

Annex I

List of internal audit reports issued in 2011

	Audit reference No.	Date issued
ILO		
IAO 2011 Risk assessment and audit plan	IA 1-6 (2010/11)	12 May 2011
Report on internal audit of ILO Office for Nigeria, Gambia, Ghana, Liberia and Sierra Leone in Abuja	IAO/32/2010	11 Apr. 2011
Report on the management and operational control review of the ILO Country Office for Viet Nam (CO–Hanoi) and the EC-funded TC project, Labour Market Project (LMP)	IAO/33/2010	24 Mar. 2011
Report on the internal audit of the ILO Regional Office for the Arab States in Beirut, Lebanon	IAO/36/2010	18 Apr. 2011
Report on the Internal Audit of the ILO DWT for Central Africa and ILO Country Office for Cameroon, Angola and Sao Tome and Principe, Yaoundé	IAO/38/2010	13 Sep. 2011
Report on audit follow-up mission on the implementation of 2009 audit recommendation – ILO DWT for West Africa and ILO Country Office, Dakar	IA 5-4 (2011)	29 Aug. 2011
Report on the Internal Audit of the ILO Office for the United Nations in New York (ILO–New York)	IAO/32/2011	21 Oct. 2011
Report on the internal audit of the ILO Office in the United States (ILO–Washington) in Washington DC	IAO/28/2011	25 Oct. 2011
Turin Centre/ITC		
Report on the internal audit of income generated from training activities at the International Training Centre (ITC) of the ILO in Turin	IA/ITC/38	29 Sep. 2011

Annex II

Summary of recommendations

Risk management

In order to embed further the concept of risk management within the ILO, the Office has an opportunity to formalize a lead sector or department to coordinate the continuing adoption and implementation of risk management across the ILO. The purpose would not be for the lead to assume responsibility for the major risks facing the ILO, as managing such risk properly lies with the concerned manager. However, such a coordinating role would help ensure that risk management is implemented in a consistent manner. Moreover, a lead sector/department may be able to assist should there be a need to escalate a risk to a higher level of authority if strategic and resource considerations need to be taken into account. The IAO suggests that the Office conduct a cost–benefit analysis to inform any decision on providing additional resources to the lead sector/department, as further embedding risk management will have to be considered in the light of other competing priorities.

Business continuity planning

From a benchmark of other UN organizations and agencies, the IAO found that a lead department, normally one that is within the equivalent of the ILO's MAS sector, coordinates BCP activity on an organization-wide basis. The IAO therefore suggests that the Office clarify which department is responsible for coordinating, and building on, BCP activities that have been undertaken at headquarters and in the field. As with risk management, the IAO suggests it would be prudent to carry out a cost–benefit exercise to help assess any resources that could be allocated to this task.

Staff development

Field audits carried out during 2011 indicated that there is still a need for procedural training at the country office level. As part of HRD's training strategy, the IAO suggests it should identify those country offices that are a priority to receive training, or the workshops could be incorporated into the regional offices' meetings which are generally held once every biennium.

Delegation of authority

Some country offices only have one international staff member; nevertheless, procedures should be set up to ensure that OICs, where possible, are always serving ILO officials. If it is not possible to appoint a serving ILO official, the Office should establish a protocol whereby country office directors must seek appropriate prior approval from their respective regional office to appoint a non-ILO OIC, defining clearly the boundaries of authority thereof.

Performance management

HRD monitors completion rates for each stage of the performance cycle, reminding managers of the need to ensure proper completion thereof. In order to automate this process, the ILO's Information Technology Bureau, on behalf of HRD is developing and testing automatic alerts in the IRIS system that would prompt managers when it was time

to complete each part of the performance cycle. The IAO's audits indicated that compliance rates, nonetheless, remain inconsistent. To address this issue, the Office in consultation with HRD and the regions should consider how best to encourage greater compliance in completing each stage of the performance cycle, especially focusing on instances where there is a persistent lack of compliance.

Procurement

The ILO is in the process of establishing formal local contract committees in the regional offices, developing a procurement manual, and has drafted internal guidance to clarify roles and responsibilities with respect to procurement in the field and headquarters. The IAO recommends that the Office expedite the completion of the manual and guidance so that they can be issued to provide further support and guidance to field staff, and thus reinforce procurement practices in field offices. In addition, the IAO suggests that the Office considers extending the requirement that staff in the headquarters procurement department sign an annual disclosure on conflicts, or potential conflicts, of interest to those officials with procurement responsibilities in the field. This would help raise awareness of ethical considerations when handling procurement matters in field locations.

Follow-up of internal audit recommendations

Given that the procedure was issued in September 2011, it is too early to assess how effective sectors and regions have been in implementing the provisions contained therein. However, to facilitate implementation, and complement the recommendation of the IOAC, the IAO suggests that, for each sector and regional office, a focal point be nominated to liaise directly with the office of the TR/CF. Given their proximity, the focal point could be assigned responsibility to follow up and report to the office of the TR/CF on the status of implementation reports, liaising directly with the entity that has been subject to an internal audit, as necessary.