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Audit and Oversight Segment

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SEVENTH ITEM ON THE AGENDA

Report of the Chief Internal Auditor for the year ended 31 December 2016

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 2016, 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: Office of Internal Audit and Oversight (IAO).

Related documents: [GB.326/PFA/9\(Rev.\)](#).

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 2016.

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 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 2016

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 and Investigation Charters approved by the Governing Body.
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.

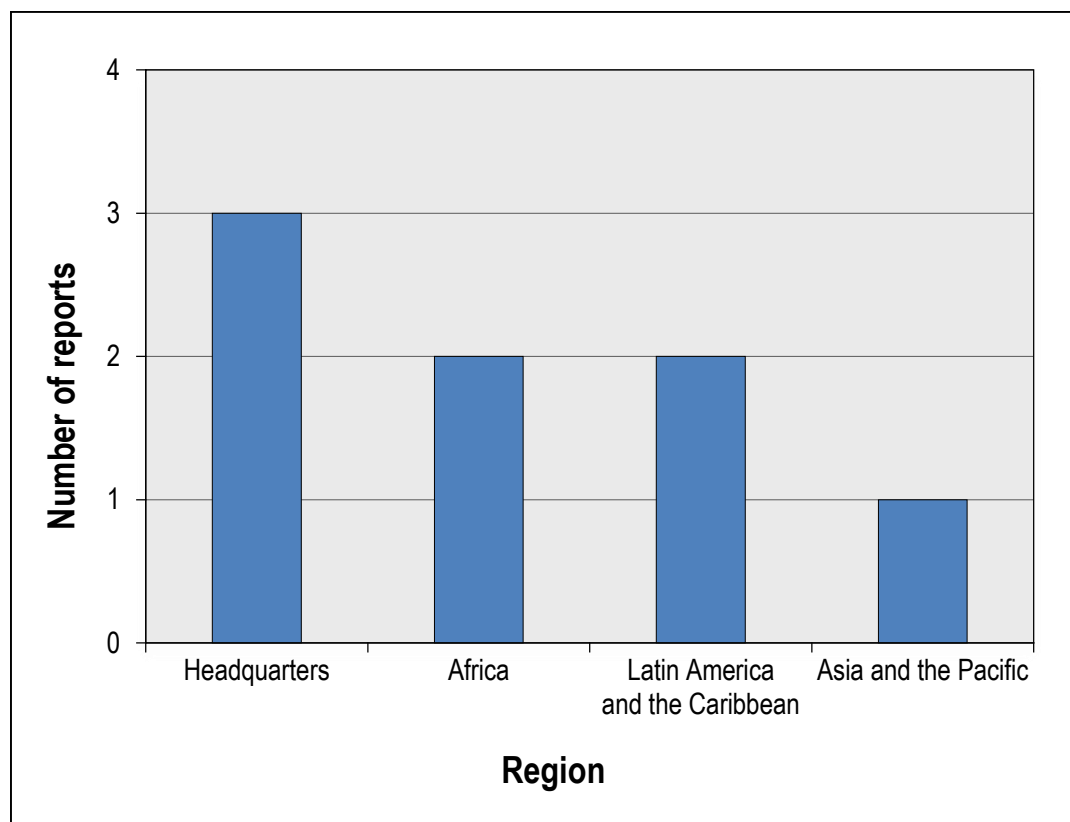
Summary of activities

6. This section provides a brief overview of the main activities undertaken by the IAO in 2016.

Assurance audits

7. During 2016, the IAO issued seven assurance audit reports and one follow-up report. Three assurance audit reports cover headquarters functions, and five relate to audits conducted at ILO field office locations; two each in Africa and Latin America and the Caribbean and one in Asia and the Pacific (see Appendix I). The IAO has completed the fieldwork for a further eight audit assignments, 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 2018. Figure 1 shows the number of assurance audit and follow-up reports issued in 2016 by geographical region and at headquarters.

Figure 1. Assurance audit and follow-up reports by region and at headquarters (2016)



Investigations

8. In 2016, the IAO received 32 new cases for review, compared to 30 reported in 2015 and ten in 2014. A possible explanation for the rise in numbers of allegations, is an upturn in understanding throughout the ILO of its policies on anti-fraud, whistle-blower protection and ethics. It may also result from the increased number of investigations conducted by the IAO in headquarters and investigative missions to ILO field offices, which by their very nature raise the profile of the work of the Investigation Unit.
9. Ten investigations were carried over from previous years, four of which were closed in 2016. Not all cases led to full investigations and a number were proven not to be substantiated. A breakdown of the status of the allegations as at 31 December 2016 is shown in paragraph 52 below.

Other activities

10. The IAO provides internal audit services for the International Training Centre of the ILO in Turin, Italy (Turin Centre). In 2016, the IAO issued an assurance audit report for the Centre, covering external collaboration services, and completed the fieldwork of an audit of its revised procurement process. The summary results of internal audits are reported to the Board of the Centre during its annual meeting.
11. During 2016, the IAO attended the meetings of the Steering Committee for the Headquarters Renovation Project and the Information Technology 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, including at the African Regional Directors retreat and the Latin America and the Caribbean regional

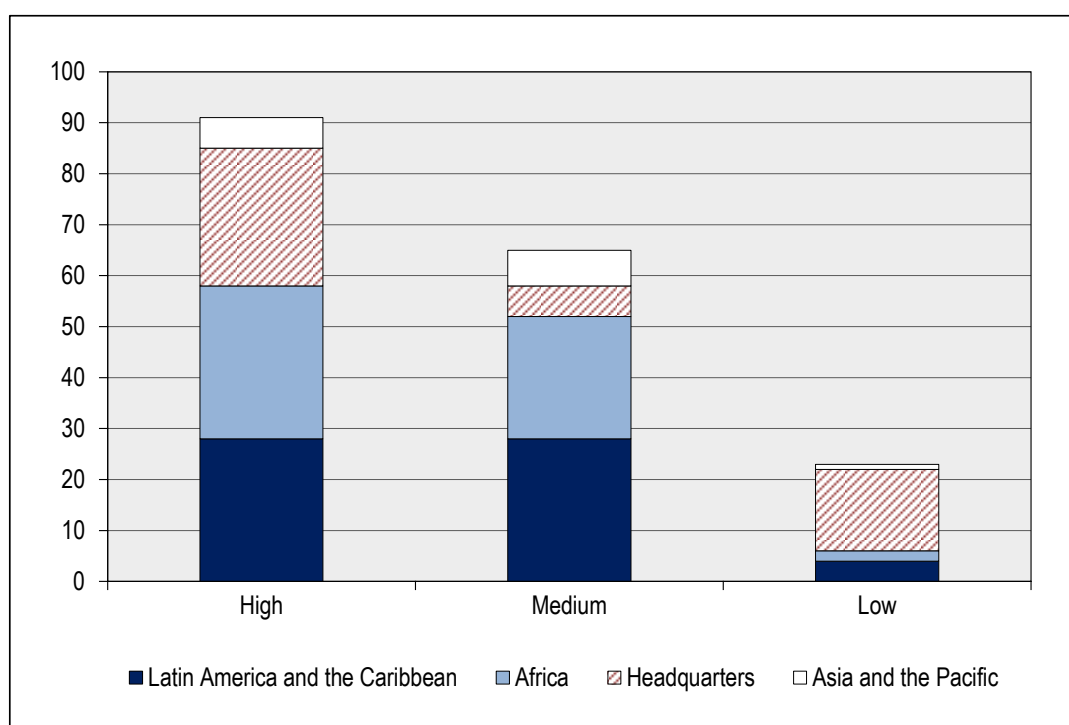
administration, finance and human resources workshop. Furthermore, the IAO provided other ad hoc advice to management on request.

12. Officials from the IAO's assurance audit and investigation units actively participated in their respective United Nations (UN) oversight peer groups: the Representatives of Internal Audit Services of UN organizations and the UN Representatives of Investigation Services. The IAO also participates in the Heads of Internal Audit in International Organizations in Europe (HOIA) annual meeting.

Summary of audit results

13. In the eight audit reports issued in 2016, the IAO proposed 179 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 at the "critical" level. Overall, 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 2016.
14. The IAO's analysis of audit findings in 2016 by region and at headquarters and by significance is shown in figure 2.
15. The results of IAO audits indicate that continued attention is required to further improve and reinforce the internal control environment across the Organization. The IAO welcomes the steps taken by the Office to address common issues identified through internal audits, and the revised internal letter of representation that not only reminds responsible managers of their fiduciary responsibility, but should also help improve internal control.¹ The IAO shall continue to work with management, as appropriate, to address common issues.

Figure 2. Audit findings by region and at headquarters and by significance in 2016



¹ [GB.329/PFA/INF/3](#).

16. 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 will assess these initiatives when performing its risk assessment as part of its regular and ongoing audit planning process as well as continue to conduct focused follow-up audits to verify implementation of internal audit recommendations.

Risk management

17. 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 has liaised with him on matters concerning risk.
18. 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 reviewed and updated. The Office has accepted the findings, and has reminded any departments or offices which have not kept their risk registers up to date to complete them.

Headquarters audits

19. During 2016, the IAO issued three audit reports, which covered the renovation project for the ILO building, an audit of the information system network and application security, and the oversight and management of the Agency Service Clearing Account (ASCA) and suspense accounts. The main findings of the audits are listed below.

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

20. The overall objective of the audit was to review the internal control processes of the renovation project, which involved assessing whether adequate controls are in place to mitigate the key risks and determine whether the project is carried out in an efficient and cost-effective manner, both technically and financially. In order to obtain optimal independent expertise in this area, this audit was outsourced to an external consultancy firm.
21. The results of the review concluded that the project management function is qualified and the liaison and the control of the third party project management service is assured. The overall schedule is realistic, although the on-time completion date of phase 1 is subject to a delay of approximately one month. The budget is tight, and especially the reserve for unforeseen events is considered to be very low. The subcontractor selection process is transparent, cost-effective and in compliance with ILO regulations. The invoice and payment control and approval processes are appropriate, as is the risk-management function with a regularly updated risk register.
22. The report contained two recommendations of medium significance, which represents moderate risk of cost increases or quality deterioration in order to stay in budget and a moderate risk of project delay; and 15 recommendations of low significance, with only minor risk of cost increases or quality deterioration in order to stay in budget and minor risk of project delay. None of the findings represent any substantial reputational risk to the Office. Although these overall conclusions are positive, given the inherent high risk of large-scale building renovation activities, the IAO plans to conduct another audit of the project in 2017 to provide assurance over project management and implementation.

Report on the Internal Audit of Information System Network and Application Security

23. The audit, which was outsourced in order to obtain the most relevant up-to-date expertise, noted that the ILO uses a partially decentralized model for implementing and managing key Information Technology (IT) applications in support of staff, constituents and other stakeholders.
24. The ILO's IT governance framework requires that IT solutions provide measurable organizational value, align with Office strategies and objectives, represent efficient and cost-effective use of technology, and comply with existing IT policies and standards. In this context, the departments and offices which operate decentralized IT solutions are required to work in collaboration with the Information and Technology Management Department (INFOTEC) and the ILO's IT Governance Committee to ensure that all IT solutions meet this criteria.
25. In reviewing decentralized IT solutions at headquarters, the audit identified several opportunities to improve the control environment, including five areas of high risk related to maintaining a decentralized approach to developing applications and their underlying databases. It also determined that the Office had not fully established a timetable for transferring the responsibility for all IT and information management to INFOTEC. In addition, the ILO had not established criteria for relative levels of business criticality. Furthermore, for those end-user departments that manage their own applications there is a risk that they do not fully assess and respond to IT risks and therefore may not allocate sufficient resources to business applications of the highest priority.
26. The IAO also made specific observations related to IT controls and procedures for the end-user departments managing IT systems. This included allowing contractors to develop business applications directly in the production environment, which may present a risk to the integrity of the underlying data, a lack of user acceptance testing evidence prior to implementing application changes and reliance on individual IT consultants to support critical business applications. The Office accepted all recommendations and has reported 100 per cent implementation.
27. Looking forward, and taking into account the risks and findings the audit identified with maintaining decentralized IT teams and structures, the Office should review the balance of centralized and decentralized IT initiatives. This review should consider whether a move towards a more centralized model, with INFOTEC responsible for management of the ILO's IT infrastructure and application landscape, would be more beneficial to the Office. If the current decentralized model remains as is, the Office will need to take the necessary steps to ensure that departments and offices who implement and manage decentralized IT applications comply with ILO IT directives, policies, procedures and standards. The Office should also ensure that end-user departments have sufficient resources, capacity and skills to develop, manage and sustain these applications over the long term. In this context, it is important that all departments and offices seek guidance from INFOTEC before engaging in any IT-related initiative.

Report of the Internal Audit on the Oversight and Management of the Agency Service Clearing Account (ASCA) and the Management of Suspense Accounts at ILO headquarters

28. When the ILO relies on the assistance of the local United Nations Development Programme (UNDP) offices to execute payments on its behalf in various countries around the world, the

system of processing payments is the ASCA. The audit assessed the high level management and oversight from headquarters over the ASCA which, for the 2013–14 financial years, the ILO made payments through the ASCA system amounting to US\$16.5 million (including \$219,000 for service fees). The audit revealed differing levels of internal control and monitoring over ASCA inputs in the various regional offices. The IAO noted that one field office needed to take action to address gaps in control of the process of ASCA transactions. However, the implementation of the ILO's Integrated Resource Information System (IRIS) has presented an opportunity for the Office to improve internal control by implementing ASCA processing through the system. Given the high risks associated with suspense accounts and the findings of its review, the IAO recommends that the Office review roles and responsibilities with respect to ASCA processing and remind responsible officials of the need to account for ASCA transactions on a timely and accurate basis.

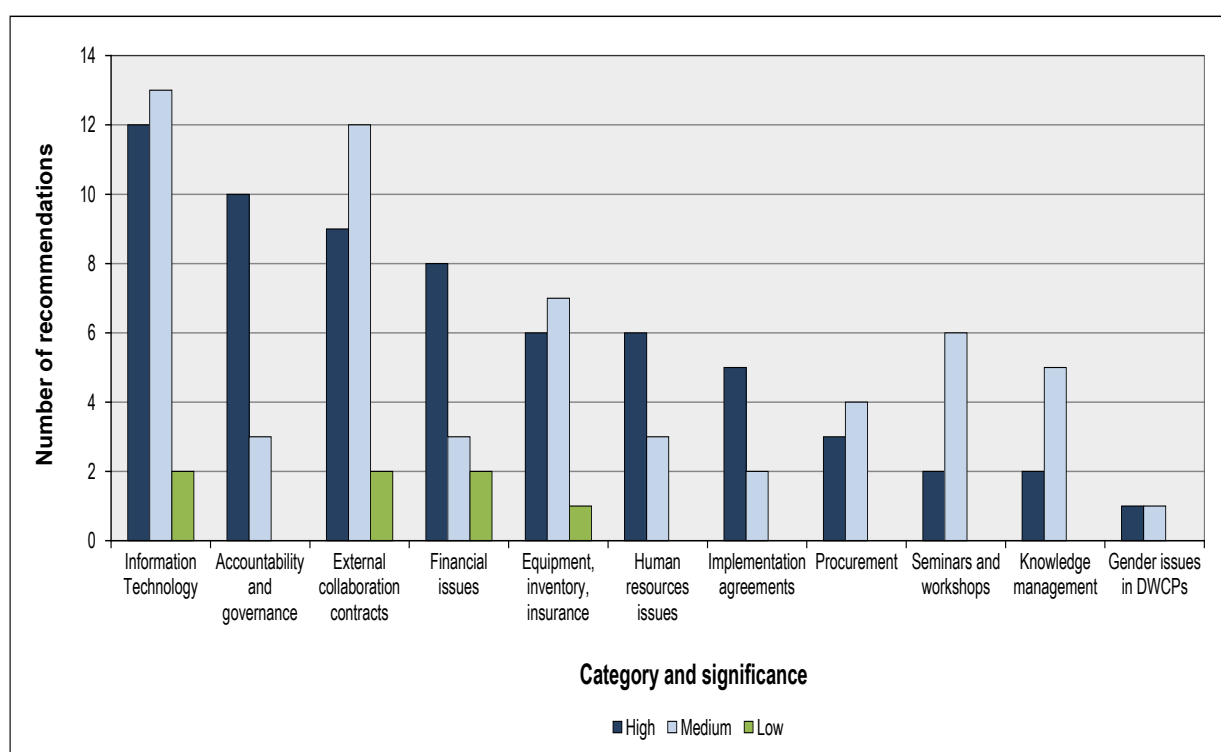
29. The IAO also assessed the control of the suspense accounts in place to mitigate risks associated with these accounts. As a result of regular renewed exercises to clean up office and project suspense accounts since 2015, the accounts section of the Financial Management Department has taken a leading role in following up with the regional offices on outstanding items. The field offices are now instructed to stop parking expenditure in the suspense account, and thus the risk of expenditure being left unrecorded is reduced.

Field audits

30. During 2016, the IAO issued five assurance audit reports for audit work conducted at ILO field office locations in Bangladesh, Costa Rica, Cote d'Ivoire, Egypt, Ethiopia, Mexico, Peru and Senegal. The IAO made positive comments on specific aspects of the control environments of the locations audited, with many of the offices having established adequate systems of internal control to manage the risks which the IAO assessed as being relevant to their operations.
31. In response to an Audit Needs Assessment Update Report in December 2013, the IAO decided to implement on a pilot basis a suggestion to plan audits on a "cycle of regional office audits where each audit focuses on specific selected activities ... and then planning a small series of visits to the regional office plus 2 or 3 country offices." The IAO piloted this suggestion on three occasions in 2015–16, with the following reports issued in 2016:
 - An audit of IT in the Africa region. To conduct the audit, the IAO visited the Regional Office in Addis Ababa, Ethiopia and the Country Office in Abidjan, Cote d'Ivoire.
 - Also in the Africa region, the IAO selected the activities of implementing agents, seminars and external collaboration contracts for review, as they represent high-risk topics and are the objects of expenditure, other than staff costs, with the largest volume of transactions, representing a total of almost 40 per cent of allocations in the region and one third of expenditure. In addition to the ILO Regional Office for Africa and the ILO Country Office for Ethiopia and Somalia, the offices of the ILO Decent Work Technical Support Team (DWT) for North Africa and Country Office for Egypt, Eritrea and Sudan; and the ILO DWT for West Africa and Country Office for Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal and Togo were visited to constitute a sample of how the activities are managed and performed in the region. In addition, to provide a region-wide assessment, the IAO reviewed selected sample transactions from other offices of the region.

- A regional IT audit in the Latin America and the Caribbean region was undertaken, which included visits to the ILO Regional Office for Latin America and the Caribbean, the ILO DWT/CO for Andean Countries in Lima, Peru, and the ILO DWT/CO for Central America in San José, Costa Rica.
32. The IAO made recommendations to address its observations arising from its field audits in the respective audit reports. The main findings are detailed below; figure 3 below shows the number of recommendations per category and significance.
33. The IAO identified a number of high-risk issues relating to IT (12), accountability and governance issues (ten), external collaborators (nine) and finance issues (eight). The IAO noted that there is scope for improving internal controls, including with respect to the management of equipment, inventory and insurance; human resources issues; implementation agreements and procurement. However, regarding the management of seminars and workshops, the new procedures issued by the Office since the issuance of the audit reports should clarify and strengthen internal control over these activities.

Figure 3. Field audit recommendations by significance in 2016



Summary of main observations of field audits

Information technology issues

34. The two regional reviews carried out revealed that IT issues represented the highest number of both high- and medium-significance audit recommendations.

IT governance

35. The IAO regional IT reviews found that some offices develop their own IT applications to meet operational needs. In one particular example, a development cooperation project in one

region developed a fit-for-purpose database application for use by constituents. The IAO recommended that initiatives like this should be shared and replicated across the regions where a similar business need exists in order to provide efficiency and economy of scale for users in other offices.

36. The IAO recommended that communication between the regions and headquarters be improved with respect to determining business requirements for developing software applications. Field offices should solicit advice from INFOTEC regarding software development standards and possible solutions which may have been developed in the field in order to ensure that activities are not duplicated. Benefits of this approach will include a better use of the ILO's financial resources for developing business applications based on a predetermined priority by the appropriate authority and a wider dissemination of locally developed fit-for-purpose applications across the ILO, meeting the needs of both the Office and constituents.
37. The IAO recommends that the Office review IT activities taking place in the field to determine if there is a need to strengthen the communication and role of the IT Governance Committee in addressing field IT issues.

IT operations

38. In January 2016, INFOTEC implemented a centralized infrastructure for housing all Office email and shared drives. INFOTEC has migrated headquarters and all country offices to this centralized infrastructure, and INFOTEC has designated a responsible team for verifying, on a daily basis, the correct operation of the centralized backup processes.
39. Issues related to IT operations generated the greatest number of recommendations, three-quarters of which were of medium significance. The IAO emphasized that field offices should take advantage of headquarters-initiated long-term agreements for the purchase of computer equipment in order to obtain the best sales conditions and highest quality items. The IAO further recommended that the regional IT units better track and monitor all requests for assistance received, as well as produce a service catalogue to inform users of the IT services available, the roles and responsibilities, and the defined service levels and response times. In addition, the IAO made recommendations to ensure that backups of legacy applications and data, maintained locally in regional and field offices, are properly conducted.

Accountability and governance issues

40. The IAO also includes under this category issues related to business continuity planning (BCP) and risk management. Regarding the latter, the IAO found that one office, with a rigorously developed comprehensive risk register which is updated on a monthly basis, was replicating this identification of risk work throughout the numerous development cooperation projects under its purview. This represents a good practice which the IAO fully supports.

Relocation of the Regional Office for Africa

41. As part of its review of IT in the Africa region, the IAO made recommendations to develop a comprehensive plan encompassing all key tasks required to relocate the Regional Office from Addis Ababa to Abidjan in order to strengthen coordination between it and the relevant headquarters departments concerning the transfer of the office to its Abidjan premises. The Office subsequently established a steering committee comprising the representatives from the bureaux of the Deputy Directors-General for Management and Reform and Field

Operations and Partnerships, the Financial Management Department, the Internal Services and Administration Department, the Human Resources Development Department, INFOTEC, the Procurement Bureau and the Headquarters' Business Process Review team to provide oversight, technical guidance and issue resolution in the various areas in line with applicable ILO rules and procedures for renovation. The Regional Office is currently housed in temporary offices pending a decision on the renovation of the ILO-owned building in Abidjan.

42. The lesson learned from the regional office relocation and renovation is to establish clear roles and responsibilities at the outset of any similar future activity, and to ensure that suitably qualified staff and/or consultants provide a realistic assessment of any renovation needs as part of the planning stage.

Programme oversight

43. In one office, the IAO found that a programme activity funded through various sources (such as regular budget, regular budget technical cooperation and development cooperation project funds) had been ongoing for a number of years incurring expenditure of some US\$437,000, but the programme had never been subject to review by the DWT. The IAO recommended that increased communication with the DWT be strengthened to ensure the proper oversight. The IAO believes that, with the posting of a new director in the concerned DWT, communication channels could be improved and projects better monitored. The Office should establish basic criteria whereby a programme that develops over a period should be subject to some form of technical review. This would reduce any risk of "scope creep", activities being undertaken that are not in line with the ILO's objectives and outcomes, and/or misuse of funds.

Business continuity planning (BCP)

44. As reported in previous years' IAO reports to the Governing Body, ² all BCP "play-books" had been received by the BCP coordinator in headquarters and the IAO continues to confirm that BCPs exist in all the offices visited.
45. However, in one location the IAO identified the need to further test the plans already developed. Plans should be fully tested to ensure they will operate in the event of a disaster. In another office, staff members had changed but the BCP was not updated, thus increasing the risk of incorrect communication during a crisis event.

External collaboration contract

46. Use of external collaborators is one of the ILO's main means of delivering on its mandate and development cooperation outcomes. Use of external collaborators is therefore routinely subject to review during internal audit assignments.
47. As in previous years, the IAO made a number of recommendations concerning the prospecting, costing, contracting, and appraisal of external collaborators, which consistently represents one of the Office's highest expenditure line items. Overall, these findings generally represent a deficiency in understanding the stated requirements as well as a lack of standardization of tools to assist in documenting the selection and hiring of individuals.

² GB.323/PFA/8 and GB.326/PFA/9(Rev.).

48. Included among the recommendations suggested by the IAO are: providing a standard format to document the hiring process and justify both the selection of the consultant and the fees charged; ensuring that, as appropriate, individuals have met all UN security training and clearance standards; standardizing one checklist in a convenient format which can be completed and signed; distributing a budget form to be used to document all external collaborator costs, including quotations for airfare; clarifying which transportation costs are allowable and including this in the primary document outlining external collaborator contracting procedures; and detailing requirements to document the performance of the work post-contract. As the roll-out of IRIS progresses, the Office should standardize these issues as this will clarify procedures and help ensure that offices properly document contracting of consultants.

Follow-up of internal audit recommendations

Follow-up audit

49. In 2016, the IAO issued a follow-up audit report on the implementation status of the findings in the internal audit report of the ILO Country Office for Bangladesh in Dhaka (CO-Dhaka) issued in November 2014. The original audit report on CO-Dhaka contained 20 recommendations that were reported closed by the Office, with one recommendation not accepted. The IAO's review indicated that, of the 20 accepted recommendations, 17, or 85 per cent, had been fully implemented. Of the three recommendations determined as partially implemented or still in progress, major work had been accomplished and the IAO determined that the office was on the road towards full implementation.
50. During the follow-up audit, the IAO made an additional 14 recommendations, including new issues which came to the IAO's attention as part of the review. The high significance recommendations addressed extending the office's good risk-management practices to all its projects, testing and finalizing the BCP "play-book", incorporating a gender review into the office's next Decent Work Country Programme (DWCP), completing security arrangements for all project offices, and strengthening the vetting process for proposed implementing partners prior to signing agreements. All these recommendations have been subsequently reported as implemented or, in the case of the DWCP, pending implementation by the Office.

Office implementation reports

51. The IAO's analysis of the 11 implementation reports provided by the Treasurer and Financial Comptroller, relating to audit reports that the IAO issued in 2015, indicated that management has addressed 169 of the IAO's 180 recommendations issued for the offices audited. The Treasurer and Financial Comptroller identified that, of the 169 accepted recommendations, as of the time of closing the report, the Office fully implemented 89, or 53 per cent, and partially implemented nine recommendations (5 per cent). There were 66 recommendations (39 per cent) still in progress, with implementation of the further five recommendations (3 per cent) deferred due to budget constraints.

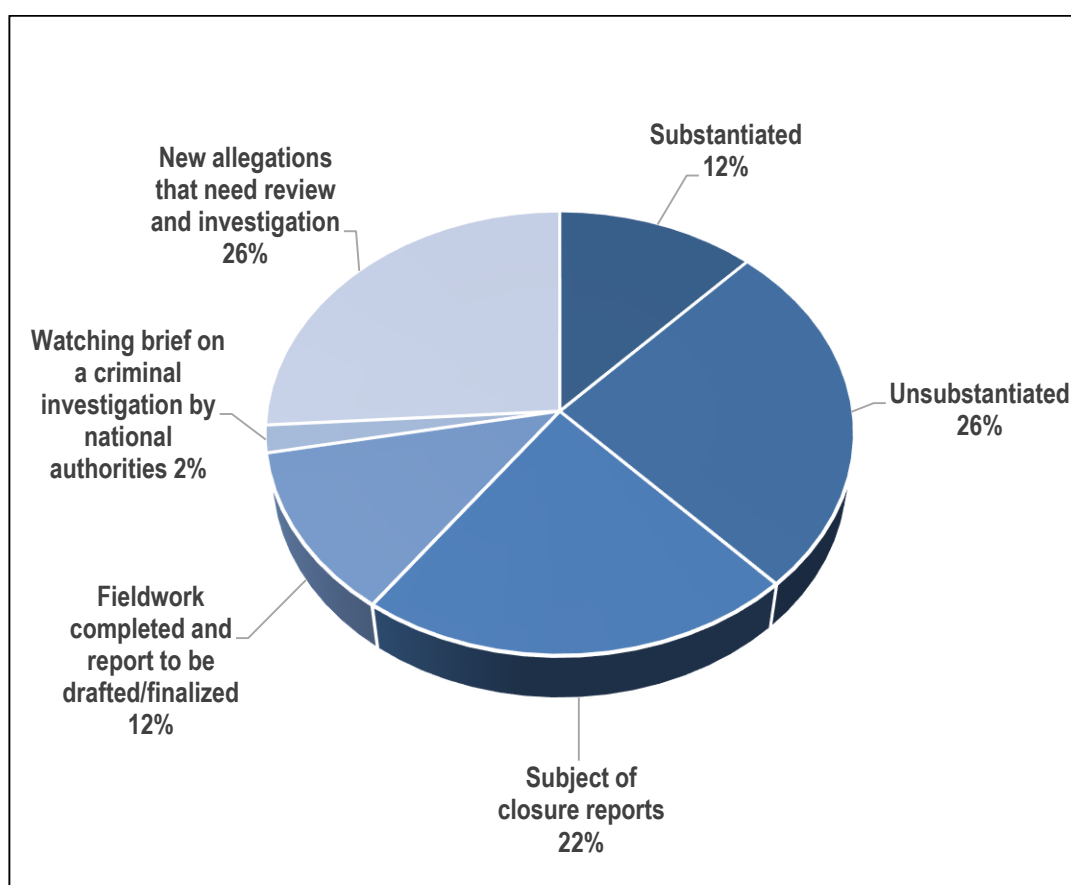
Investigation results

Investigation reports issued in 2016

52. The IAO received 32 case referrals during the course of 2016, and ten were brought forward from earlier years, that is, a total of 42 cases; the breakdown is as follows:

- five allegations were investigated and found to be substantiated;
- 11 allegations were investigated and found to be unsubstantiated; and
- 26 will be carried forward to 2017, of which:
 - (a) nine will be the subject of closure reports;
 - (b) five where investigation missions have been completed and will be reported on;
 - (c) one where the IAO is conducting a “watching brief” on a criminal investigation by national authorities; and
 - (d) 11 where the IAO has recorded new allegations that need review and possible investigation.

Figure 4. Status of IAO Investigations 2016



Lessons learned from investigations

53. The investigations carried out in 2016 identified a number of key lessons learned:

- the need for an improved corporate understanding of IAO remit and procedures for fraud, misconduct and investigation with regional and country management and administrators;
- the need for improved and consistent monitoring of implementing partners and other collaborators;
- the need for improved awareness of issues relating to ethical matters such as conflict of interest or perception of conflict of interest;

- the need for improved controls over Staff Health Insurance Fund payments, and improved reporting mechanisms of “suspicious” claims, which have not been established;
- the need for better monitoring of low value and repetitive procurement services; and
- the need for local responsible managers to take ownership of and manage minor breaches of misconduct.

Improved investigative processes (standard operating procedures)

54. In late 2015, the IAO began a review of its investigative methodologies and from this developed a standard operating procedure for investigations. It is currently in draft form and the IAO aims to finalize it during the course of 2017.
55. The standard operating procedure has been developed using the IAO’s working practices, adopting practices used in some other UN organizations as appropriate. The standard operating procedure reflects the guidance contained in *Uniform Principles and Guidelines for Investigations*, and combines procedures and processes that are in line with ILO regulations.

Appendix I

List of internal audit reports issued in 2016

Index No.	Audit reference	Date issued
ILO		
1. The IAO biennium audit plan for 2016–17	IA 1-6 (2016)	18.02.2016
2. Report on the internal audit of the renovation project for the ILO headquarters building	IAO 7-1 (2016)	21.01.2016
3. Report on the internal audit of the information system network and application security	IAO 4-73 (2016)	16.02.2016
4. Report on the internal audit of information technology in the Africa region, in Addis Ababa, Ethiopia	IAO/102/2016	18.02.2016
5. Report on the internal audit of the administration and financial control of implementing agents, seminars and external collaboration contracts in the Africa region	IAO/103/2016	12.07.2016
6. Follow-up to the report on the internal audit of the ILO Country Office for Bangladesh in Dhaka	IAO/104/2016	20.07.2016
7. Report on the internal audit of the ILO Country Office for Mexico and Cuba in Mexico City, Mexico	IAO/105/2016	02.09.2016
8. Report of the Internal Audit on the Oversight and Management of the Agency Service Clearing Account (ASCA) and the Management of Suspense Accounts at ILO headquarters	IAO/106/2016	04.11.2016
9. Report on the internal audit of information technology in the Latin America and the Caribbean region, in Lima, Peru	IAO/107/2016	24.11.2016
Turin Centre		
1. Turin Centre 2016 audit planning memorandum	IA-TC-45 (2016)	03.02.2016
2. Report on the internal audit of external collaborator services at the International Training Centre of the ILO in Turin	IA-TC-50 (2016)	30.08.2016

Appendix II

Summary of recommendations

Headquarters audits

Information System Network and Application Security

1. The Office should review the balance of centralized and decentralized IT initiatives. This review should consider whether a move towards a more centralized model, with INFOTEC responsible for management of the ILO's IT infrastructure and application landscape, would be more beneficial to the Office. If the current decentralized model remains as is, the Office will need to take the necessary steps to ensure that departments and offices who implement and manage decentralized IT applications comply with ILO IT directives, policies, procedures and standards.
2. The Office should also ensure that end-user departments have sufficient resources, capacity and skills to develop, manage and sustain these applications over the long term. In this context, it is important that all departments and offices seek guidance from INFOTEC before engaging in any IT-related initiative.

Management of the Agency Services Clearing Account (ASCA) and the Management of Suspense Accounts at ILO headquarters

3. Given the high risks associated with suspense accounts and the findings of its review, the IAO recommends that the Office review roles and responsibilities with respect to ASCA processing and remind responsible officials of the need to account for ASCA transactions on a timely and accurate basis.

Field audits

IT governance

4. The IAO recommends that the Office review IT activities taking place in the field to determine if there is a need to strengthen the communication and role of the IT Governance Committee in addressing field IT issues.

Relocation of the Regional Office for Africa

5. The lesson learned from the regional office relocation and renovation is to establish clear roles and responsibilities at the outset of any similar future activity, and to ensure that suitably qualified staff and/or consultants provide a realistic assessment of any renovation needs as part of the planning stage.

Programme oversight

6. The Office should establish basic criteria whereby a programme that develops over a period should be subject to some form of technical review. This would reduce any risk of "scope creep", activities being undertaken that are not in line with the ILO's objectives and outcomes, and/or misuse of funds.

External collaboration contracts

7. As the roll-out of IRIS progresses, the Office should standardize these issues as this will clarify procedures and help ensure that offices properly document contracting of consultants.