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Programme, Financial and Administrative Section

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Follow-up to the report of the Chief Internal Auditor for the year ended 31 December 2021

Summary: This document provides information on actions undertaken by the Office as follow-up to the Chief Internal Auditor's recommendations for 2021.

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Related documents: [GB.344/PFA/9\(Rev.1\)](#).

1. The Chief Internal Auditor submitted his report on significant findings resulting from internal audit and investigation assignments undertaken in 2021 for consideration at the 344th Session (March 2022) of the Governing Body, which was adopted by correspondence.¹
2. This document provides information on follow-up action taken by the Office on the Chief Internal Auditor's recommendations for 2021.
3. The Chief Internal Auditor's recommendations for improvements in the areas covered by the report are set out in Appendix I, together with the Office's responses and details of follow-up action taken. Appendix II contains a list of internal audit reports issued in 2021 and the status of the Office's follow-up.
4. ILO management is continuing to work in close liaison with the Office of Internal Audit and Oversight (IAO) in order to derive full benefit from its recommendations, and to ensure that follow-up action is taken and that the recommendations are effectively implemented.

¹ GB.344/PFA/9(Rev.1).

► Appendix I

Follow-up action taken by the Office on the Chief Internal Auditor's recommendations for 2021

Recommendation title	Recommendation	Office response	Implementation status	Completion date
IRIS responsibilities	(Paragraph 28) The IAO recommends that the Office should review the granting of exceptional access rights to process purchase of goods without approval and consider whether there is scope to reduce the number of officials granted this privilege.	The Office has reviewed the particular IRIS access as referred to by the IAO in the audit report, and determined that it concerns only a handful of staff in the Financial Management Department at headquarters. The access has been consciously granted as it is needed for the staff concerned to perform their delegated management control and oversight duties. It is not possible to further reduce this access. However, the transactions approved by these officials are periodically and regularly monitored to ensure that the same purchase order has not been prepared and approved by the same person.	Fully implemented	November 2021
Implementation agreements	(Paragraph 31) The IAO believes that there is further scope to strengthen guidance on monitoring of implementing partners to ensure greater consistency across projects, and recommends that the Office should review current guidelines and reinforce accountability.	Implementation agreement guidelines were reviewed and updated in the context of European Union (EU) pillar assessment, which the Office successfully passed. Updated requirements, templates and documents have been published on 31 March 2022. In addition, the Office Procedure, <i>Implementing partnerships</i> , IGDS No. 270, was updated in November 2022.	Fully implemented	March and November 2022

Recommendation title	Recommendation	Office response	Implementation status	Completion date
Grants	(Paragraph 34) The IAO suggests that, when revising the internal procedures, the Office should consider these and other findings that the IAO has reported on with respect to grants (<i>i.e. applicability of the grant agreement modality, narrative report on use of funds and meeting the purpose of the grant awarded – see paragraph 33 of the Report of the Chief Internal Auditor for the year ended 31 December 2021 for more details</i>).	Similar to the recommendation on implementation agreements above, guidelines on grants were reviewed and updated in the context of EU pillar assessment, which the Office successfully passed. Updated requirements, templates and documents have been published on 31 March 2022. In addition, a revision of the Office Procedure, <i>Grants</i> , IGDS No. 430, is under way and expected to be published in 2023.	Partially implemented	March 2022 (updated requirements, templates and documents) 2023 (Office Procedure update)
Bank signatories	(Paragraph 39) The IAO repeats its recommendation from previous reports that the Office should promptly update bank signatory lists and punctually inform partner banks when changes to signatory lists are required (see also the finding under e-banking in paragraphs 21–24 of the Report of the Chief Internal Auditor for the year ended 31 December 2021).	The management of bank signatories in a prompt manner remains an important focus for the Office. It is a challenge due to the number of signatories to be maintained and the frequent movements of ILO staff. The primary responsibility for maintaining the bank signatory panels remains with the regional offices, who are monitoring the need to promptly update the bank signatory panels and are in frequent contact with the headquarters unit responsible for banking operations to facilitate the process. During the yearly completion of ILO internal letter of representation, the regional and office directors are requested to confirm that bank signatories in their regions/offices are maintained accurately and up to date. In addition, a comprehensive bank signatory review is conducted annually throughout the Office, the latest of which was completed in July 2022.	Fully implemented	July 2022 (latest Office-wide review) and ongoing

Recommendation title	Recommendation	Office response	Implementation status	Completion date
Bank signatories	(Paragraph 40) In the case of small offices with a limited number of financial staff members, the Office should consider adopting the model of identifying officials from other offices within the same region to serve as replacement signatories when staff are on leave or absent for extended periods.	The Office notes that ILO bank accounts, in addition to the local signatory panels, already include both a regional and a headquarters signatory panel for usage in case of emergency situations. In addition, in a number of ILO project locations, the back-stopping ILO office already provides support with bank signatories.	Fully implemented	Measures already in place
Business continuity plans	(Paragraph 42) The COVID-19 pandemic has obliged the Office to review its working procedures and alter its ways of delivering services. These changes should be reflected in the business continuity plans of offices, projects and departments to ensure that new processes have been documented, are understood by all staff and serve as a basis for operating under any future exceptional events.	Business continuity plans for headquarters were updated as part of Office's responses to COVID-19 pandemic. The template business continuity plans for field offices have been further simplified during 2022. A timetable for roll-out for 2023 has been agreed with the regions.	Partially implemented	2020–21 (Headquarters) 2023 (External offices)

► Appendix II

List of internal audit reports issued in 2021

Title	IAO reference	Date	Implementation status *	Completion date
Report on the internal audit of e-banking at ILO headquarters	IAO/1/2021	10 June 2021	Complete	5 Oct. 2021
Report on the review of ILO and Save the Children (SCUK) staff costs	IAO 4-83	31 Aug. 2021	Complete	11 Nov. 2021
Report on the audit of the Country Office for Argentina	IAO/2/2021	8 Sep. 2021	Complete	25 Nov. 2021
Report on the audit of IRIS responsibilities at ILO headquarters	IAO/3/2021	6 Oct. 2021	Complete	11 Nov. 2021
Report on the internal audit of the ILO Country Office for Bangladesh in Dhaka	IAO/4/2021	13 Dec. 2021	Complete	23 Mar. 2022

* Complete = Implementation report submitted to the Chief Internal Auditor.