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منظمة
الأغذية والزراعة
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FINANCE COMMITTEE

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Status of Implementation of Internal Audit Recommendations

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EXECUTIVE SUMMARY

- The status of all OIG internal audit recommendations, which are made in individual audit reports, are subject to periodic update to OIG by the relevant managers until the recommendations are reported to be fully implemented or superseded by other actions which address the underlying risks.
- OIG completed its last six monthly review with a cut-off date of July 15, 2014. As part of the exercise, where managers had not recently directly updated actions in the OIG database, OIG followed up with the relevant units. Regional Offices are responsible for following up with country and sub-regional offices on outstanding recommendations, and for collecting and validating the responses received. The results showed that the overall rate in closing out recommendations is in line with the overall trend for the prior years. It is anticipated that steps taken in 2014 to promote more timely actions (see also FC156/12) will influence future results.
- Separately from the six monthly reviews, OIG also conducts more frequent reviews of long outstanding (more than 24 months) recommendations related to high risks. Between January and mid-October 2014, management was able to close several previously reported long outstanding recommendations. An analysis as at mid-October 2014 of the eight long outstanding high priority recommendations as reported in OIG's 2013 annual report is presented for the information of the Finance Committee. Four recommendations have been closed as of early October 2014.
- At the beginning of 2014 a further 18 high priority recommendations became outstanding for more than 24 months, but 14 of these have since been closed. OIG will continue to work with relevant managers to reduce the overall number of pending recommendations and particularly high priority recommendations.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- Members of the Finance Committee are invited to take note of progress on implementation of Internal Audit recommendations.

Draft Advice

The Committee:

- **took note of the status of implementation of Internal Audit recommendations; and**
- **looked forward to a further update on the progress made when the Office of the Inspector General's 2014 annual report would be presented at the Committee's next regular session in Spring 2015.**

I. Background

1. The status of all OIG internal audit recommendations, which are made in individual audit reports, are subject to periodic update to OIG by the relevant managers until the recommendations are reported to be fully implemented or superseded by other actions which address the underlying risks.

2. In May 2014, OIG fully launched a web-based application for tracking the audit recommendations progress, which allows FAO managers to insert information, in an OIG database, on the implementation of recommendations and supporting evidence at any time. OIG undertakes an Organization-wide review every six months to confirm changes to the status of the recommendations and to prepare summary monitoring reports for management and the FAO Audit Committee. The classification is based on the information provided. In some instances this is enough to fully validate the status, in other cases the classification is subject to OIG verification in a future audit.

A. Overall view of implementation of past recommendations

3. OIG completed its last six monthly review with a cut-off date of 15 July 2014. As part of the exercise, where managers had not recently directly updated actions in the OIG database, OIG followed up with the relevant units. Regional Offices are responsible for following up with country and subregional offices on outstanding recommendations, and for collecting and validating the responses received. As indicated in the table below, the results showed that the overall rate in closing out recommendations is in line with the overall trend for the prior years.

Audit report year	Percent closed as at 30/06/14	Percent closed as at 30/06/13	Percent closed as at 30/06/12	Percent closed as at 30/06/11	Percent closed as at 30/6/10
2002	100%	100%	99%	99%	99%
2003	100%	100%	100%	100%	99%
2004	100%	99%	99%	99%	99%
2005	99%	99%	99%	98%	98%
2006	99%	99%	97%	97%	96%
2007	100%	100%	99%	99%	98%
2008	98%	97%	96%	91%	77%
2009	98%	93%	92%	82%	40%
2010	99%	98%	93%	72%	28%
2011	96%	89%	80%	61%	
2012	77%	57%	34%		
2013	63%	26%			
2014	24%				

4. It is anticipated that steps taken in 2014 to promote more timely actions (see also FC156/12) will increase the future closure rate.

B. Focussed review of long outstanding high priority recommendations

5. Separately from the six monthly reviews, OIG also conducts more frequent reviews of long outstanding (more than 24 months) recommendations related to high risks. Between January and mid-October 2014, management was able to close several previously reported long outstanding recommendations. An analysis as at mid-October 2014 of the eight long outstanding high priority recommendations as reported in OIG's 2013 annual report is presented for the information of the Finance Committee. Four recommendations have been closed in 2014 and OIG will continue to work with relevant managers to reduce the pending items further by end of 2014. Details of the eight recommendations and current status are contained in Annex 1.

6. At the beginning of 2014 a further 18 high priority recommendations became outstanding for more than 24 months, but 14 of these have since been closed. Details of the other four recommendations and current status are contained in Annex 2.

Annex 1 - High Risk Long-Outstanding Recommendations as at 31 December 2013: Progress made from December 2013 to October 2014

Recommendation Reference	Recommendation	Updated Status
AUD1409 Disciplinary Procedures Analysis - Consistency of Decisions and Procedures - Rec 13	Update MS 330 and MS 303 with a definition of gross negligence and recklessness	<p>In progress</p> <p>LEG, after internal consultations including with OIG, has proposed adoption of the definitions applied in the UN Secretariat. An Administrative Circular has been drafted to formalize this and is following the normal internal review process. Once the Circular is published this recommendation will be closed.</p>
AUD2109 Security over FAO's Offices, Personnel and Property - Rec 10	Prepare a prioritized, costed action plan to implement the 15 UNDSS action points in Annex 4 of the audit report concerning the role of Designated Officer for Italy.	<p>Implemented</p> <p>Plan of Action prepared and the recent status of implementation indicates that only one of the remaining sub-recommendation remains open. With over 90% accomplished so far, OIG will close this recommendation as being substantially implemented but will continue to follow up with the relevant managers on the pending item .</p>
AUD2109 Security over FAO's Offices, Personnel and Property - Rec 21	Within a global FAO security risk assessment specifically identify, assess and prioritize the risks associated with the wide range of uses for which the building is utilized, and propose to management appropriate remedial measures to mitigate and manage these risks.	<p>Implemented</p> <p>Since the 2009 audit, differentiated levels of access for each group of users have been introduced, facilitated by the implementation of enhanced perimeter access procedures, and development of specific standards applying to particular user groups (e.g. concessionaries, money conveyors). As the user population evolves (e.g. with the opening of a childcare centre in 2014) further security assessments are completed.</p>
AUD2109 Security over FAO's Offices, Personnel and Property - Rec 29	Establish realistic targets for improvements in security arrangements in the field, specify the priorities it will apply, and highlight the implications, as regards offices or issues that will receive less attention.	<p>Implemented</p> <p>A Field Security Action Plan has been developed, most recently updated in 2014. This update has been accompanied by internal communications focussing on security actions for high risk countries and on updating the status of compliance with minimum UN standards for safety and security of FAO field offices and staff residences.”</p>

Recommendation Reference	Recommendation	Updated Status
AUD2811 Financial Management and Administration Audits Capping Report - Rec 2	Review the administrative resources required to enable Country Offices to implement their activities. There should be a clear linkage between the size of administrative teams and their workload.	<p>Implemented</p> <p>Management notes that the action plan for addressing this recommendation must be framed in the recognition that the only source of funds for supporting administrative work at the country level will be from the existing Regular Programme allotment and Administrative and Operational Support (AOS) charges. Compared to the period covered by report AUD2811 (2011), Country Offices are now responsible for both development and emergency projects and they can therefore rely on strengthened and integrated administrative teams. They also receive their share of the AOS generated by emergency projects as well as by development projects. OSD works together with the Regional Offices and HR to establish new AOS-funded positions in Country Offices whenever required.</p>
AUD3410 Business Continuity Management - Rec 1	Establish and begin implementing an Organization-wide Business Continuity Management framework, which takes into account the guidance included in the audit report as well as other good practices.	<p>In progress</p> <p>During 2013, DDO and CS developed a comprehensive programme to implement an organization-wide BCM framework. The programme implies coordinating activities with the other Rome-based Agencies. The actual implementation of this programme has not started pending decisions on funding.</p>
AUD3411 IT Security - Rec 3	Carry out a comprehensive IT security risk assessment. Such an exercise would assist in identifying critical information assets, threats to these assets and existing controls, or lack thereof, which would allow risks to materialize. Results of the risk assessment would assist in developing the information security roadmap for the future.	<p>In progress</p> <p>Work undertaken by CIO to address this recommendation was put on hold following a major restructuring of the CIO division and the departure of the previous Chief Information Security Officer (CISO) and other staff in CIO's IT security unit in 2013. The position of CISO is still vacant and other staff members who have been recently assigned to the IT security unit are gradually resuming CIO's work in this area. The plan is to fully address this recommendation in 2015. In the meantime, system-specific risk assessments are conducted in connection with any significant new IT initiatives. A further OIG audit of this area is scheduled for Q4 2014.</p>

Recommendation Reference	Recommendation	Updated Status
AUD3411 IT Security - Rec 19	Security configuration guidelines should be developed for all network components. This would ensure that changes made to these components do not increase the security risk, as has been noted in the previous observation.	In Progress Configuration guidelines have been developed for some key network components, using CIS (Centre of Internet Security) benchmarks. The recommendation will be closed when guidelines on certain other components have been developed.

Annex 2 - High Risk Recommendations That Became Long-outstanding (more than 24 months old) During 2014 and Pending as of October 2014:

Recommendation Reference	Recommendation	Updated Status
AUD1412 Review of Monitoring of Procurement and Letters of Agreement in Field Operations - Recs 1 and 2	Develop and implement a programme that adequately monitors field procurement and LOA activities (Rec 1); taking into account a resource/staffing assessment (Rec 2).	<p>In progress</p> <p>As noted by the external auditor, the proposed procurement strategy of CSAP is introduced towards a “flexible framework” that focusses on three areas: a) scaling up of the International Procurement Officer (IPO) network to cover field offices where higher volume and complexity entails higher risk; b) establishment of a monitoring function to identify exceptions and provide feedback to managers to address and manage capacity and competency gaps; and c) enhancing CSAP skill sets to increase its capacity and competency gaps. The external auditor has recommended that the proposed strategy be finalized and an implementation plan prepared, based on approved strategies to strengthen capacity at headquarters and in the field in support of the decentralized office network.</p>
AUD3312 Financial Management and Administration Capping Report for 2011 Country Office Audits - Rec 3	Establish a framework for policy monitoring responsibilities within the different units of the Operations Arm. A needs assessment for monitoring functions in light of existing funding and capacity of policy issuing units, specifically of CS units, should be undertaken.	<p>In progress</p> <p>DDO will lead a coordinated effort to address internal control weaknesses in DO’s, involving both reacting and proactive actions. This process will begin in Q4 2014. Improved monitoring by HQ units will be a key part of this process (including as a result of the recruitment of outposted P3 Finance Officers in Regional Offices in 2014/early 2015).</p>
AUD3312 Financial Management and Administration Capping Report for 2011 Country Office Audits - Rec 10	Establish comprehensive guidance on how to conduct operations with due regard for segregation of duties under different staffing scenarios and provide small offices with compensating controls that must be put in place to mitigate the risks of inadequate segregation of duties	<p>In progress</p> <p>As part of the roll-out of GRMS to decentralized offices, guidelines were provided on the key process areas where segregation of duties should be established when assigning GRMS responsibilities to office staff. A more thorough risk review of transaction processing in decentralized offices will be performed during 2014-2015 by CSF.</p>