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منظمة
الأغذية والزراعة
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FINANCE COMMITTEE

Hundred and Seventy-third Session
Rome, 12 - 16 November 2018
Progress Report on Implementation of the External Auditor's Recommendations

Queries on the substantive content of this document may be addressed to:

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FC 173

EXECUTIVE SUMMARY

➢ This report outlines the progress on implementation by the Secretariat of recommendations made by the External Auditor.
➢ The report presents the progress made by FAO to implement recommendations that were outstanding at the date of the previous progress report presented to the Finance Committee at its 169th Session in November 2017.
➢ This report also now includes the management's response to recommendations contained in the Long Form Report of the External Auditor for 2017.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

➢ The Committee is invited to review the document, and provide its guidance as deemed appropriate.

Draft Advice

The Committee:
➢ **noted the status of implementation of the recommendations of the External Auditor; and**
➢ **welcomed and commended the significant progress made in closing recommendations of the External Auditor and urged the Secretariat to continue efforts to close the remaining outstanding recommendations.**

Introduction

1.   The table below summarizes overall FAO progress in implementing the External Auditor's recommendations.

Audit Report	Total Recommendations	Outstanding at previous Reporting Date[1]	Closed since previous Reporting Date	Outstanding at this Reporting Date
Long Form Report 2012-13	57	2	1	1
Long Form Report 2014	26	11	5	6
Long Form Report 2015	21	6	3	3
Long Form Report 2016	19	19	13	6

2.   The table below presents details of the latest status of implementation of each recommendation which had not yet been closed at the date of the previous progress report presented to the Finance Committee, including the timeline suggested by the External Auditor for implementation.

3.   Actions taken by the Secretariat to implement each recommendation are presented in the column entitled Management Response, and the External Auditor's view on the progress of implementation of all recommendations is presented in the last column entitled External Auditor's Comments.

4.   Management comments are also now provided for recommendations contained in the 2017 Long Form Report. The External Auditor will validate the management comments and actions taken on these recommendations during the audits scheduled for the end of 2018.

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[1] FC169/11

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
2017 – Financial Matters					
FUNDAMENTAL					
Funding of employee benefit obligation					
1	Continue to encourage the Governing Bodies to consider a robust strategy to progressively fund the After Service Medical Coverage (ASMC) and Termination Payments Fund (TPF) included within the Employee Benefit Obligations (EBO) to address funding risks. (Paragraph 38)	2019	CSF/SSC	Agreed as an ongoing activity. The Organization reports to Governing Bodies on an annual basis, through the Finance Committee, with details of the EBO, including the level of earmarked funding and future funding required to address the associated risks.	
SIGNIFICANT					
Voluntary contributions					
2	Review the provisions and initiate actions for write-off, where appropriate, considering the procedures set out in FAO Financial Rule 202.611 on project deficits and Rule 202.10.7.1 on authority to write-off bad debts. (Paragraph 43)	2018	CSF	Agreed. Review of provisions and actions for write-off will be taken following the procedures set out in the Financial Regulations and Rules. Expected June 2019.	
Financial implementation of TCP					
3	Improve further overall TCP delivery by reviewing the related processes and procedures and determine and address the root causes that contribute to implementation time lags. (Paragraph 51)	2018	TC	Agreed. Management is currently revisiting TCP policies and procedures with the aim of improving response times to government requests. As a first step, a revised TCP format has been released in August 2018 that, while enhancing strategic alignment, is expected to substantially reduce the time required to formulate a project. Early approvals against a biennial allocation will result in early delivery of resources	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Long outstanding accounts				
4 Prioritize the AP review process clean-up to address long outstanding payables, and consider crafting a policy to cover all long outstanding payables in the regular cleanup process, factoring in timelines for clearing and possible de-recognition and/or cancellation of outstanding payables following an appropriate review and follow-up. (Paragraph 55)	2018	CSF/SSC	Agreed. The SSC will prioritize and support the AP clean-up for long outstanding payables. CSF will draft an appropriate policy for the management of long outstanding AP balances. Expected end-2018.	
5 Continue the ongoing work undertaken by the business unit, CIO and Oracle to prioritize the solution of the identified system errors, other reporting issues and reconciling items to ensure that generated reports are complete, accurate and reliable. (Paragraph 59)	2018	CIO	CIO at the request of the relevant business units, has engaged with the vendor for assistance following standard procedures. This included raising Service Requests (SRs) aimed to correct product issues and engaging with Oracle Consulting to identify issues related to customizations. It should be noted that Oracle patches alone would not resolve these issues and changes to the FAO setup are needed and this will only be achieved through continuing close communication with the relevant administrative units. Expected end-2019.	
Shared Service Centre				
6 Undertake the necessary action to enhance further the efficiency and effectiveness of management controls within the functional	2018	SSC	Agreed. - Regarding controls over assets new reinforced procedures as well as SLAs have been established and will be finalized on 30	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
processes of SSC as well as improve compliance with existing and applicable policies, regulations and rules relating to the deficiencies noted. (Paragraph 63)			November 2018. The SLA calls for all transactions to be processed within 5 days of being received and close monitoring of assets purchased is performed regularly and reviewed as part of the monthly closure of the asset sub ledger. - Offices have been notified of the deadline for the submission of PVAs, set at 31 October and have been asked to nominate fixed assets focal points who will be trained on all Fixed Assets requirements (to start in September, ahead of the PVA submission). - Physical verification of assets are now monitored very closely and subject to an escalation procedure which has the FAO Representative or divisional director informed of the PVA results in an initial escalation to the CSF director, which is followed by a second escalation to the CS-ADG and ultimately to the DDG-O. - A consultant has been recruited to prepare a "Vendor Management Policy" that will define the roles and responsibilities of the different units in this area. - Regarding the recovery of advances FAO has deployed a new EG management tool which now forces the recovery of any advances as per the policy. The tool has been deployed in February of 2018. - The SSC has also introduced SLAs performance monitoring which is published	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				on the SSC intranet site on a monthly basis showing that all claims are process within the prescribed SLA since January of 2017.	
7	Update the relevant Manual Sections, "How to" guides, and internal procedures including maintaining business process documentation of all administrative processes under the SSC responsibilities to reflect its actual processing activities using a process map such as e-Guide or equivalent. (Paragraph 68)	2018	SSC	Agreed. In collaboration with CSD/OHR, which are coordinating the update of both the MS and "how to guide" elements of the FAO Handbook with respective policy owners, the SSC will ensure the provision of required inputs for those processes/processing activities it manages and controls.	
8	Fast track the transfer of responsibilities for asset functions and processes aligned with the current practice and SLA between CSF and SSC, resulting in a defined and transparent governance, accountability, and responsibility over asset functions. (Paragraph 69)	2018	SSC	Agreed. The transfer of the asset function was fully completed at the end of November 2017 with all service level agreements defined and published on the internal web site of the SSC with clear delineation of accountability between the process owner (SSC) and policy owner (CSF).	
9	Initiate a robust risk assessment exercise within the SSC functional unit level in coordination with the Office of Strategy, Planning and Resources Management responsible for assisting FAO offices in understanding and applying good risk management practices. (Paragraph 72)	2018	SSC	Management agrees with the importance of carrying out formal risk assessments at all levels of the Organization. The risk assessment will be implemented in two stages, starting with Regional Offices and HQ streams (DDO, DDP, DDN and ES) in 2018. Full implementation at the level of HQ Offices/Divisions and FAO Representations is planned to take place in 2019. This gradual approach aims to allow	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			for a well-designed process, with full system support and capacity building to accompany the roll-out of the new requirements. Within the SSC, risk assessment is addressed during management meetings and identified risks are stored on the SSC risk register to be reviewed and updated as needed.	
Governance Matters				
Statement of Internal Control (SIC)				
10 Enhance the descriptions of risk assessment, and information and communication components in its Internal Control Framework (ICF) to more closely reflect the adopted COSO Framework principles and support the clear communication of such adopted internal control principles. (Paragraph 79)	2018	OSP/DDO	Agreed. The exercise is on-going under the oversight of the Internal Control Board and is expected to be completed by end-2018.	
11 Improve its corporate guidance on internal control reporting, moving forward, to integrate a more detailed workflow and basis for the production of the SIC, built upon its first year of reporting experience. (Paragraph 83)	2018	OSP/DDO	Agreed. Improved guidance material, as endorsed by the Internal Control Board integrated in the 2018 internal control reporting process to be completed by May 2019.	
12 Enhance its SIC production process by formally documenting the process, adding more specificities in the Internal Control Questionnaires (ICQs) in relation to	2018	OSP/DDO	Agreed. A lessons learned exercise was carried out as part of the conclusion of the 2017 internal control reporting process and the results thereof, as well as the recommendations above, have been taken	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
the operational contexts of its offices, and, through a robust lessons-learning mechanism. (Paragraph 87)			into consideration in the design of the process for the 2018 internal control reporting.	
Corporate Travel Management				
13 Improve its travel planning arrangements by clarifying and strengthening its travel planning policy and related processes, ably supported by its information management system and an effective oversight and monitoring mechanism to exact better accountabilities, improve cost efficiency controls and achieve full compliance. (Paragraph 94)	2018	CSF	Agreed in principle. Expected implementation date December 2019.	
14 Consider the use of premium economy class for air travel giving due consideration to cost savings and FAO's commitment to sustainable travel and that FAO prepares a roadmap for adoption of the travel policy parameter on stop-overs within 2018. (Paragraph 101)	2018	CSF	Agreed in general. Expected implementation by 31 December 2018.	
15 Undertake a comprehensive review of its corporate travel policies with the end-view of enhancing their contents and processes to ensure consistency, establish clear accountabilities and policy ownership; ensure they are properly monitored with a concrete feedback	2018	CSF	It is to be noted that travel policies are fundamentally based on the Organizations staff rules and are established based on the Organizations objectives budgets, operational requirements, UN system practices, and industry developments. Any policy reviews will therefore need to be	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
mechanism; are supported by a high level of staff awareness on the policies; and provide effective policy implementation oversight. (Paragraph 113)			carried out based on the above parameters. Expected date of completion December 2019.	
16 Improve its travel risk data and assessment by providing a clearer and more accurate risk management context for risk identification and assessment and adequately document the activities to support risk monitoring and decisions. (Paragraph 118)	2018	CSF	Agreed in principle. Expected date of completion 31 December 2018.	
Reporting of programme results				
17 Inclusion of an explicit workflow step in PIRES that covers actions on rejected programme results and closer monitoring of the reported accomplishments to ensure the completeness of information reported in future MTRs. (Paragraph 126.a)	2018	OSP	Agreed. The PIRES reporting module has been upgraded and notification of the reasons for rejection of a country result is now mandatory.	
18 Better coordination during regional-level reviews of programme results to improve the quality of reported accomplishments; and, identification and mitigation of the common root causes of output exclusions to address the risk of inaccurate programme results. (Paragraph 126.b)	2018-2019	OSP	Agreed. This recommendation has been addressed both through improved guidance which further specifies the Regional Program Leader (RPL) roles, responsibilities and review criteria, and through changes made to the PIRES reporting module which ensures review and feedback loops between the RPLs, SPs, and country offices.	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
19	Improve its mid-term results reporting mechanism through the adoption of a more optimal review timeframe; institution of better monitoring capabilities of its managers; building of capability of its regional monitoring and reference to organizational learning in succeeding MTRs to support transparency in results reporting and coordination towards overall reporting improvement opportunity. (Paragraph 131)	2018-2019	OSP	Agreed. The recommendation is progressively being addressed. The 2017 end-of-year reporting included longer timelines and improved guidance. Furthermore, close interactions with stakeholders throughout the 2018-19 work planning process has set the stage for improved reporting against results in 2018-19. And a lessons-learned exercise for PIR 2016-17 and 2018-19 work planning has been completed.	
Operations of Representation Offices					
Delivery of TCP					
20	Ensure the overall efficiency and effectiveness of the delivery of TCP projects through mechanisms that properly manage events or instances and exact responsibilities affecting the promptness, level, adequacy and reliability of information on TCP commitment delivery. (Paragraph 137)	2018	TC	Agreed. The revisions to TCP policies and procedures mentioned under the response to recommendation 3 above will entail measures to improve efficiency and effectiveness of delivery by addressing factors that are within the control of FAO. In particular, requirements for operationalizing a project are being revisited to improve start-up times. TCP project closure will also be accelerated by appropriate adjustments to TCP specific procedures. As the TCP is fully integrated in FAO's project cycle, measurew taken at corporate level will equally benefit the TCP.	
Delivery of Trust Fund projects					

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
21 Make certain the effective and efficient delivery through management of factors and project responsibilities that influence the timeliness, level of delivery and information reliability of trust fund projects. (Paragraph 141)	2018	TC	Agreed. Delays in project delivery have an impact on the Organization's resource mobilization targets and involves a reputational and financial risk for FAO.	
Reporting to Donors				
22 Ensure the delivery of timely, reliable and relevant donor reporting information through sustained monitoring efforts and control activities that exact and backstop performance of project reporting responsibilities. (Paragraph 145.a)	2018	TC/CSF	Agreed. - Periodic and terminal reports are key elements of resource partner liaison work, and have been further strengthened in 2017. TC is working closely with the FPMIS team and Budget Holders, applying a computerized follow-up system and more stringent controls to monitor the status of reports and the consequent closure of projects. - The Project Cycle includes standard formats for reports, indicating their scope and focus, as well as the supporting quality assurance tools available in FPMIS and the terminal report template includes the Logical Framework Agreement, as well as scorecards on relevance, achievement of results, implementation and sustainability. These scorecards enable monitoring and performance evaluation data to be kept up-to-date in the system, and ensure that reports focus on results, facilitate analysis and are less demanding in terms of staff time.	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			Key recommendations for further improving donor reporting call for the elimination of ambiguity in the kind of reports required, the costs associated with their production and the resources required. To achieve this, it is important to: - Engage in a high-level strategic dialogue with donors to clarify their reporting requirements and ensure that their demands are clearly spelled out in project agreements. This will lead to greater effectiveness, transparency and accountability on system-wide results. - Negotiate the standard costs and resources associated with the production of donor reports and include these in donor agreements. - Define a minimum threshold for contributions below which terminal reports will not be mandatory, together with standard methodologies for calculating reporting costs that are acceptable to all the stakeholders. - Establish a capacity building team to provide guidance and training on donor reporting, both at headquarters and in decentralized offices, in order to develop professional skills, and ensure uniformity, coherence and quality assurance in reporting.	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
23	Incorporate, with the concurrence from funding partners, provisions in funding agreements detailing prescriptions on fund balances, fund charging and utilization of interest earned. (Paragraph 145.b)	2018	TC/CSF	Provisions for the use of fund balances and interest are included in all contribution agreements. Also, since 2016 all new framework agreements include such provisions.	
Procurement of goods and services					
24	Strengthen its monitoring of the delivery of procurement responsibilities by all parties involved to ensure value adding results from the Organization's procurement process. (Paragraph 149)	2018	CSDA	Agreed. - CSDA, together with OSD, is developing a global workspace for each office to upload its procurement plan. The workspace will be monitored by CSDA and any non-compliant offices will be notified. - A proposal to establish procurement professional positions in ROs is also under consideration to ensure an independent review of the buyers' recommendations. - Additionally, OSD will work with Regional Offices to identify training streams for specific country office functions, such as procurement. - OSD will consider country office staffing, and will work with OHR to ensure that the FAO manual provides flexibility for administrative actions to be taken by staff as well as non-staff, if appropriate.	
Human resource management					
25	Reinforce monitoring activities of key human resource policies relating to performance evaluation,	2018	OHR	The Organization implemented revised policies related to human resources processes in the last years to include	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
record keeping and documentation of activities to fully accrue the benefits and proactively handle concerns from these aspects of human resource management. (Paragraph 153)			different levels of approval and control in the selection, performance evaluation and recording of documentation. To additionally reinforce the monitoring activities over these key HR processes, the Organization is implementing the functionalities of the new recruiting platform, Taleo. In particular, from November 2017, the issuance of all the vacancy announcements for NSHR and the related selection processes are done in Taleo, decreasing offline actions and therefore reducing time, ensuring transparency and a more structured record of each step. FAO staff members were trained through workshops and online tools in all duty stations. In addition, from September 2018, the performance evaluation for NSHR is performed through Taleo, reinforcing the monitoring activities on this important task. Advanced functionalities were also activated in Taleo, allowing the Organization to better monitor the selection process and the performance evaluation of NSHR, thanks to ad hoc reports and the possibility to have an online access to all relevant documentation. The Organization is now carrying out training sessions to allow all employees to	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			benefit from the features of the new recruiting platform.	
Cash management				
26 Strengthen monitoring and supervisory controls over cash related processes to ensure that responsibilities are performed to guarantee the adequacy of safeguards and effectiveness of resource utilization. (Paragraph 157)	2018	CSF	- Decentralized Offices are obligated to attest to their compliance with the rules governing the use of petty cash through the ICQ questionnaire. - CSF's Global Financial Management Unit also reviews the timeliness of Petty Cash reconciliations. - Provisions do exist allowing Decentralised Offices to exceed set thresholds for individual transactions provided they are infrequent and justifiable. All exceptions are carefully reviewed by CSF. - A new report on advances is being designed to strengthen the capability to monitor outstanding cash advances and limit the risk of one person holding more than one advance at a time. - In coordination with DDO, OSD is developing a risk based Fraud Prevention Plan for Decentralized Offices that identifies cash management as a risk area and allows self-assessment of risks and identification of mitigating measures by the country offices.	
Asset and inventory management				
27 Ensure that activities, processes and responsibilities relating to asset and inventory are properly observed	2018	CSF/SSC	Agreed. The activities detailed under the response to recommendation 6 above will ensure that activities, processes and	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
and undertaken through enhanced monitoring mechanisms to adequately safeguard and effectively utilize its resources. (Paragraph 161)			responsibilities relating to assets are properly observed. Additionally, OSD is supporting CSF in the development of the new Inventory Guidelines and consideration is being given to identifying a new inventory management software.	
Travel management				
28 Reinforce monitoring measures to enhance the proper execution of travel processes and accountabilities to ensure compliance with existing travel policies and procedures for improved delivery of works. (Paragraph 165)	2018	CSF	OSD will include an existing dashboard that measures the quantity of national travel to identify travel trends and take actions as necessary.	
Cases of fraud and presumptive fraud				
29 Sustain its robust action against fraud and corrupt practices within all levels of the Organization through prompt action on reported fraud cases and strengthening of existing fraud mechanisms in line with its zero tolerance for fraud policy. (Paragraph 175)	2018	OIG/DDO/OHR	Agreed. OIG will continue to take prompt action on reported fraud cases which are investigated as a priority. This is an ongoing activity with no specific deadline. Additionally, OSD is working with DDO to develop an online and dynamic Fraud Prevention Plan for Decentralized Offices that will allow countries to identify local risks and note mitigating measures.	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
2016 – FINANCIAL MATTERS				
FUNDAMENTAL				
Funding of employee benefit obligations				
1 Evaluate in greater detail the best option to address its remaining unfunded staff-related liabilities with the goal of identifying a consistent funding source and come up with a comprehensive plan to fully fund the SRL over a determined period of time. (Paragraph 37)	2017	CSF/OHR	Management continues to participate in the United Nations Working Group on After Service Health Insurance and to make efforts to contain the costs of the current medical plans. The most recent update on actions being taken was presented to the 169th Session of the Finance Committee in November 2017 (document FC 169/5 refers).	**Recommendation closed** The recommendation was updated in the 2017 audit report.
SIGNIFICANT				
Accrual of expenses on Investments				
2 Ensure that investment management fees are recorded in the period they were incurred as required under IPSAS by utilizing the invoices and approved Request for Payment provided by the Custodian as primary reference and ensure that the closure instructions in succeeding financial periods consider the proper accounting treatment of management fees. (Paragraph 42)	2017	CSF	Management confirms that a modified process was implemented during 2017 to address this recommendation and that the closure instructions have been updated accordingly.	**Recommendation closed** The actions to record the management fees in the period they were incurred and in updating its closure instructions addressed the External Auditor (EA) recommendations.
Global Resource Management System (GRMS)				
3 Enhance the reporting capabilities of the Travel Module by considering user needs and using the most appropriate format to maximize the use of information. The ongoing	2017	CIO/CSF	CIO has already developed the Travel to GL accrual automation program in support of month-end and year-end closure and travel system enhancements were introduced in June 2015 addressing prior	**Recommendation closed** The work performed by CIO to enhance and maximize the use of information by providing additional reporting capabilities in the Travel module among

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
efforts to review the reporting capability of iMIS must be pursued, to ensure inclusion of the travel monitoring report at the level of the initiator to facilitate compliance with policies on travel and eliminate duplication of manual reports in the field offices. (Paragraph 46)			recommendations on travel expense claims (TECs), back-to-office reports (BTORs) and other travel issues. In addition, Travel module reporting capabilities have been enhanced through the provision of multiple dashboards and reports. This includes international, entitlement, and local travel. Mechanisms for policy compliance are embedded in GRMS with iMIS utilized for reviewing compliance.	others addressed the EA recommendations.
2016 – GOVERNANCE MATTERS				
FUNDAMENTAL				
Preparedness to issue a Statement of Internal Control (SIC)				
4 Ensure that its risk management practices effectively integrate with and support its Internal Control Framework (ICF) through an assessment of its current risk management practices prior to the initial issuance of the SIC to identify areas for enhancement that will guarantee a more efficient and effective design of risk controls and for clearer accountabilities. (Paragraph 53)	2017	OSP	An assessment of current risk management practices was performed as part of the process of preparation for issuance of the SIC and required follow-up actions have been identified. These areas of improvement have been included in the SIC for 2017 which is presented with the financial statements.	**Recommendation closed** Integrating the areas of improvements resulting from risk assessment in the process supporting SIC preparation addressed the EA recommendation.
5 Ensure that the internal control awareness across the Organization is elevated to a level that is aligned to the adopted internal control principles through effective competency building strategies	2017	OSP	The roll out of the internal controls reporting in 2017/18 was accompanied by a detailed communication and awareness-raising programme. This has allowed for a smooth and successful implementation of this new process.	**Recommendation closed** The roll out of internal controls reporting with a detailed communication and awareness programme addressed the EA recommendation.

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
before the SIC is issued to increase the level of assurance to be provided by the related internal control disclosures. (Paragraph 60)				
SIGNIFICANT				
Managing controls in key business processes				
6 Optimize the performance of its management controls around critical operational processes through more robust monitoring and supervision of the performance of these controls and ensure that key controls in every critical process are closely monitored to improve process performance, accountability and management decisions. (Paragraph 83)	2017	OHR/CSAP/CSF/OSP	Several actions have been taken to address the issues identified and optimize the performance of management controls around critical operational processes through more robust monitoring and supervision. A new Procurement Planning Guide for the Preparation of Procurement Plan has been issued; a new CSAP Guidance Note for the segregation of duties under procurement roles and responsibilities has been issued; a new CSAP Instruction Note has been issued on Raising Purchase Orders for Goods in GRMS to include FAO General Terms and Conditions for Goods; and a customization in the change of delivery dates input in GRMS has been agreed with OIG. OHR actions have been completed through the introduction of the new and competitive selection process for NSHR.	**Recommendation closed** We note the ongoing work in implementing this recommendation and recognize that continuous efforts are being made to optimize the performance of management controls in the areas being raised.
2016 – MANAGING CONTROLS IN PROJECTS				
SIGNIFICANT				
Field Project Management Information System (FPMIS)				
7 Revisit/update the Navigation Improvement Recommendations to make the System user-friendly so	2017	OSP	Management agrees by end 2018 to streamline the functionalities of FPMIS in the context of reviewing and resolving	In process.

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	that this will become acceptable to the intended users, thus, advancing the level of usability of functionalities. (Paragraph 91.a)			project-related financial policy issues and project cycle procedures and in the context of the FAO Digital Strategy, as appropriate. Significant changes and enhancements will most likely be developed in the new project cycle tool currently under discussion.	We will continue to monitor the changes and enhancements being developed in updating the system.
8	Capture the delays in the submission of final financial reports to donors under the existing Field Programme Support Network (FPSN) quarterly monitoring facility in coordination with CSF, given that the final financial report comes chronologically after financial closure, and consider the uploading of the duly received covering letter of financial reports by the donor for better compliance with donor reporting. (Paragraph 91.b)	2017	OSP	Will be considered as part of the response to recommendation 7 above.	In process. We will continue to monitor the changes and enhancements being developed in updating the system.
9	Improve the functionalities in the Logical Framework Matrix (LFM), workplan monitoring and budgeting to make it more flexible and adaptable to project requirements, and to include indicators to monitor qualitative aspects of project implementation. (Paragraph 91.c)	2017	OSP	Work has begun to augment the budget module with a functionality that captures the new Cost Recovery Framework. Improvements to the LFM and Workplan will most likely be developed in the new project cycle tool currently under discussion.	In process. We will continue to monitor the updates in the functionalities of the LFM, workplan monitoring and budgeting.
10	Conduct a comprehensive analysis of the crucial issues identified by system users to obtain better clarity in defining its roadmap to deliver an integrated solution and in	2017	OSP	Will be considered as part of the response to recommendation 7 above.	In process. We will continue to monitor any improvements to address this recommendation.

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	prioritizing its activities, moving forward. (Paragraph 92)				
11	Step up its process and integration enhancements of related systems, particularly focusing on the following: a) inclusion of sublines segment in the GRMS to ensure that project expenditures can be easily and systematically monitored and reported by results and taking into consideration the effects of budget equalization; b) restoration of the asset link with GRMS to enable the availability of the list of equipment in the FPMIS; c) provision of link between financial data in FPMIS with GRMS for generation of information in real-time, and inclusion in the single log-in access of iMIS as this is the access design for all interrelated systems; and d) inclusion of budget fungibility segments in GRMS in support of the existing module in FPMIS for effective monitoring of projects at the point of	2017	OSP/CIO	- Point (c) has been completed with direct access from FPMIS to iMIS established for the purpose of obtaining project budget monitoring reports. - Points (a) and (d) of the recommendation will be covered by the FAO project management and control solution which will support management of the complete project lifecycle and link to the results framework for monitoring and reporting. The new solution, which is expected to gradually phase out FPMIS and be integrated with GRMS is forecast to be implemented during 2019. - For Point (b) it should be noted that a List of Assets by Project is provided through iMIS and is available to all decentralized offices and HQ. Project equipment data will also be considered within the mentioned FAO project management and control solution.	In process/partially implemented. We will continue to monitor further action to implement the recommendations.

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	commitment and expenditures. (Paragraph 97)				
12	Intensify the training of FPMIS users with broader participation based on all roles in project management, and consider other capacity building mechanism that will benefit system users on an organization-wide basis. (Paragraph 102)	2017	TCR/OSP	In 2017, trainings on Project Implementation/FPMIS (phase 4 of project cycle) and Project cycle/FPMIS were intensified and made available by the Project Cycle Team to all regional and major sub-regional offices. In addition, the e-learnings on "Project Budget Holder" and "Project Cycle Fundamentals" were made available (the first one also being made available in 3 languages, English, French and Spanish). All trainings were considered successful by users, receiving an average KPI score of above 4 (on a scale of 0 to 5). Capacity building is an integral part of any plan related to new IT solutions.	**Recommendation closed** The work in implementing trainings and capacity building to the FPMIS users addressed the EA recommendation.
Technical Cooperation Programme (TCP)					
13	Ensure the overall efficiency and effectiveness of TCP projects through mechanisms that exact responsibilities and properly manage events or instances affecting the promptness, level, and adequacy of information on TCP commitment delivery. (Paragraph 107)	2017	TC	The first part of this recommendation has been addressed while the second part addresses recurrent issues that we are constantly working on to improve and refine. Despite an increasing TCP appropriation, the timeliness of delivery has demonstrably significantly improved. A proposal to simplify significantly the formalities affecting timing of project approval and start-up is under consideration and will further improve the situation. Management notes that roles and responsibilities are clearly defined in the	**Recommendation closed** The recommendation was updated in the 2017 audit report in view of new cases noted in audit.

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				Project Cycle guide and have enabled improved overall efficiency and effectiveness of TCP projects. The delivery rate of TCP projects has also been improved through use of the monitoring tools and the inclusion of the TCP general provision to the CPF annex which avoids delays in the start-up of project activities. The overall effectiveness in TCP implementation will be assessed during 2018-19 biennium.	
Projects funded by voluntary contributions					
14	Ensure that voluntary funded projects are carried out through activity and monitoring controls that bolster adequate identification and proper management of factors and delivery of project accountabilities that affect the overall efficiency and effectiveness of project implementation. (Paragraph 112)	2017	TC/CSF	Regular monitoring is done through the iMIS monitoring dashboard and follow up for projects in need of management action. System improvements and provision of updated operational guidelines and continuous support to budget holders is envisaged through the development of a new Project Management and Control platform.	**Recommendation closed** The recommendation was updated in the 2017 audit report. Nonetheless, we will continue to monitor the development of the new Project Management and Control platform.
15	Consider incorporating a specific provision in all funding agreements it entered into with its resource partners on the disposition of unspent balances, together with the options for the proposed use of the remaining funds in case donors will not respond to requests for refund instructions within a specific period. (Paragraph 116)	2017	TC/CSF	FAO promotes the adoption of framework agreements or standard agreements with its resource partners and whenever compatible with the rules of its partners, proposes that the framework agreement include provisions regarding the use of any unspent funds. It also promotes the transfer of any unspent emergency funds at the end of the project to be allocated to SFERA and for non-emergency programmes to the newly	**Recommendation closed** We note the actions so far taken in promoting the inclusion of provisions on the use of unspent balances. Nonetheless, we are fully aware that this should be consistent with the rules of its donor/partners. We will continue to monitor the disposition on unspent balances.

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				established Special Fund for Development Finance Activities (SFDFA).	
Reporting to donors					
16	Ensure the delivery of its donor reporting accountability through sustained efforts of monitoring activities and controls that exact and assure that systems provide timely, reliable and relevant information. (Paragraph 120)	2017	TC/CSF	Management will continue to ensure effective monitoring of projects, including through the use of the iMIS dashboard, noting that weekly monitoring reports are sent to budget holders and their supervisors to remind them to complete activities and proceed with reporting and closures on time.	**Recommendation closed** The recommendation is updated in the 2017 audit report. We will continue to monitor the work of management in ensuring reporting to donors are provided on time.
2016 – MANAGING RISKS					
FUNDAMENTAL					
Fraud risk response mechanisms					
18	Ensure that its fraud vulnerabilities are properly managed through mechanisms that champion dynamic and up-to-date FCPs replete with measures which increase the perception of detection, reinforce segregation of incompatible functions, ensure safeguarding of resources and affirm compliance with regulations. (Paragraph 128)	2017	OSD/OSP/ DDO	Management confirmed that required measures have been put in place to strengthen and communicate the frameworks for accountability and internal control, in particular to Decentralized Offices, including the regular update of the Fraud Prevention Plan. The new corporate Anti-Fraud Strategy and Action plan was put in place during the 3rd quarter of 2018, inter alia, introducing a new approach for preparing the Fraud Prevention Plan (FPPs) at country level. The new format, building on the results of the corporate fraud risk assessment, allows more detailed/country specific inputs on risks the offices face as well as additional controls that have been, or are being,	**Recommendation closed** The regular update of the Fraud Prevention Plan and the measures to strengthen and communicate the frameworks for accountability and internal control addressed the EA recommendation.

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			introduced. At the same time, the new format will allow business owners to assess the effectiveness of existing controls to mitigate newly identified, country specific, fraud risks. Fraud Prevention Plans are an integral element of the overall efforts to improve Risk management and internal controls. Year 2017 saw the development of the Internal Control Questionnaire/SIC process and the adoption of the online platform for preparing country annual reports and external risk summaries. New Fraud Prevention Plans (FPPs) build on these efforts, and will become an integral part of country annual reports.	
Cases of Fraud and Presumptive Fraud				
19 Continue to strengthen its fraud risk governance through processes and mechanisms that afford adequate fraud risks identification and definition of responses for better management of its fraud exposures. (Paragraph 138)	2017	DDO/OSP/ OSD	Measures have been put in place to strengthen and communicate the frameworks for accountability and internal control and the importance the Organization pays to internal control, risk management and fraud detection, raise staff awareness of the types of unsatisfactory conduct and possible disciplinary consequences as well as facilitate general understanding by staff members of the disciplinary process. The ongoing improvement of the FPPs will reinforce the role of Country Offices in identifying and responding to country specific risk vulnerabilities.	**Recommendation closed** The efforts to strengthen its fraud risk governance by developing an Organizational-wide Anti-fraud strategy and in conducting a fraud risk assessment addressed the EA recommendation. However, we will continue to monitor this upon implementation of the corporate strategy.

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			In early 2018, FAO completed its first corporate fraud risk assessment, undertaken by business owners based on OIG consolidated fraud risks findings. This assessment served as a basis for the development of the Organizational-wide Anti-fraud strategy and related Action plan. These documents respond to FAO's commitment to implement a specific recommendation of the JIU 2016 report on Fraud. The Organization's progress will be formally presented to the Finance Committee in November 2018. The corporate strategy provides a roadmap for required improvements in the management of fraud risks over the medium-term (2018-2022), with particular focus on strengthening anti-fraud awareness and the effectiveness of managerial controls (preventive and detective).	
SIGNIFICANT				
Risk management				
17 Revisit its risk management framework and the process by which it is being adopted, craft strategies to embed this across all levels of the Organization, and ensure that its adaptive capacity is fully considered and that the shared concept of risk management is embraced by all stakeholders to	2017	DDO / OSP	Management will further strengthen its risk management framework and the tools and processes by which it is implemented starting in 2018, accompanying the introduction of formal policy and requirements with capacity building at all levels in line with actions identified in the SIC.	In process. We note the planned actions of the Management to strengthen its risk management frameworks. We will continue to monitor the work in implementing this recommendation.

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
achieve the intended benefits of risk management.(Paragraph 125)				

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
2015 - AUDIT OF FINANCIAL STATEMENTS					
FUNDAMENTAL					
Cash voucher scheme					
2	Formulate and issue immediately administrative rules relating to the use of the Cash and Voucher Scheme to ensure that the best value for money is obtained; guarantee validity and regularity of said transactions; and assure fair presentation of the affected accounts in the financial statements. (Paragraph 38)	2017	TC/TCS	The new Manual Section (MS702) on Cash- and Voucher-Based Transfer Projects has been drafted, tested with several country offices, and obtained clearance from relevant divisions (including CSF, CSDA, SSC, CIO, OSD as well as LEG and the Ethics Officer). Required adaptations for FAO systems (GRMS and FPMIS) are ready. MS 702 now awaits Senior Management endorsement and the issuance of the corresponding Director-General's Bulletin. Finalization is expected by Q3 2018..	In process. We appreciate the work in drafting a new manual section on the Cash- and Voucher-Based Transfer projects. We will continue to monitor Management's action on this recommendation upon its finalization in mid-2018
SIGNIFICANT					
Cash voucher scheme					
3	Provide accounting guidance to the decentralized offices concerned in the recording of expenses for agricultural inputs distributed and the cash for work paid to beneficiaries, which are reimbursed through money vendors, to ensure consistency in the recording thereof. CSF may also consider the use of new accounts to distinguish transactions through the cash voucher scheme. (Paragraph 40)	2017	CSF	**Recommendation to be closed** A dedicated GL account has been set up to capture expenses for agricultural inputs distributed and for cash to be paid for work by beneficiaries. The account description has been published on the FAO intranet and guidance is available from CSF to assist budget holders in properly accounting for this type of expenses.	In process. We will continue to monitor the work on the new processes being tested and the new GL account which was set up to capture these transactions.

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Shared Services Centre (SSC)				
5 Further improve its processing and review of transactions by enforcing strict compliance with relevant staff and financial rules, regulations and procedures. (Paragraph 48)	2016	CSS	The SSC was completely restructured in 2016 along a process-centric model with the objective to improve compliance with policies and improve overall service delivery. More specifically, every process has a review and approval step that are strengthened by system controls. The SSC has also established a compliance review team in HR to review complex policy compliance cases and take appropriate actions. In the area of education grants, a new Education Grant system was deployed in February 2018 eliminating the need to manually track advances and claims and ensuring that recoveries are performed in a timely manner.	**Recommendation closed** In our 2017 audit visit, a new set of recommendations were raised and accepted by Management.
Travel (TVL) module				
6 Conduct a review and analysis of the identified issues and limitations affecting the application of the GRMS functionalities on travel and provide solutions to fully achieve benefits from the system. (Paragraph 51)	2016	CSF	**Recommendation to be closed** The recommended review and analysis have been performed by an external consultancy firm and solutions have been provided to fully achieve the benefits from the system.	In process. We will continue to monitor the result of the comprehensive review of the system.
Technical cooperation programme				
18 Continue to pursue robust representation to Member States for early identification and approval of projects, and exact the discharge by process owners of TCP project responsibilities that are vital to the	2016	TC/DDP	In addition to continued robust representations, in the course of 2018 most if not all countries eligible for TCP assistance will count on a TCP pipeline that is embedded in the CPF. Furthermore, proposals that will facilitate early approvals	**Recommendation closed** We note Management actions of not only pursuing robust representation but also implementation of other measures in ensuring overall effectiveness in TCP implementation. An updated

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	approval of TCP projects, commitment and allocation of TCP resources and attainment of the desired level of TCP delivery, to ensure overall effectiveness in TCP implementation. (Paragraph 130)			and delivery by simplifying procedures and policies have been prepared and are under consideration. Decentralized Offices have confirmed having included a pipeline of national TCP project proposals as a CPF annex along with TCP general provisions as applicable in all CPFs approved recently. The overall effectiveness of TCP implementation will be assessed during the 2018-19 biennium.	recommendation is included in the 2017 report.
SIGNIFICANT					
Cases of fraud and presumptive fraud					
21	Further strengthen its fraud risk governance through a review of the currently identified fraud risk factors and the adequacy of related risk response mechanisms to better manage fraud vulnerabilities. (Paragraph 152)	2016	DDO/OSD/ OSP	Measures have been put in place to strengthen and communicate the frameworks for accountability and internal control and the importance the Organization pays to internal control, risk management and fraud detection, raise staff awareness of the types of unsatisfactory conduct and possible disciplinary consequences as well as facilitate general understanding by staff members of the disciplinary process. In early 2018, FAO completed its first corporate fraud risk assessment, built on OIG findings (in terms of weaknesses and risks detected through internal audits and investigations, missions and reports across all locations). The assessment was completed by business owners, who assessed the effectiveness of existing controls, identified gaps and proposed	**Recommendation closed** The efforts to strengthen its fraud risk governance by developing an Organizational-wide Anti-fraud strategy and in conducting a fraud risk assessment addressed the EA recommendation. However, we will continue to monitor this upon implementation of the corporate strategy.

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			measures/actions for its improvement over 2018-2020. The corporate assessment will be periodically updated, taking stock of progress made and identifying any additional risk factors or mitigation actions required. At country level, guidance on the preparation of Fraud Prevention Plans for Country Offices (November 2016) identified areas most prone to fraud risks, along with the relevant control mechanisms. Further improvement of the guidance in 2018, building on corporate risk assessment, will allow the role of Country Offices in identifying and responding to country specific risk vulnerabilities to be reinforced.	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
2014 - AUDIT OF HEADQUARTERS					
FUNDAMENTAL					
Governance and Change Management in Human Resources (HR)					
3	Design and implement a concrete and formal change management plan to better control the implementation of the Human Resource Strategy. (Paragraph 56)	2015	OHR	Following the revised OHR structure implemented in 2017, OHR started to develop a plan of upcoming changes needed to implement the HR strategy. A list of priority change actions has been prepared and actions are being scheduled across 2018 for implementation. A formal change management plan will be derived from this process.	In process. We appreciate the revised OHR structure implemented in 2017. We will monitor the action of management in coming up with a formal change management plan for the OHR strategy before the closure of this recommendation.
Performance Management					
6	Craft appropriate strategies for the systematic review of the Performance Evaluation and Management System (PEMS) including the adoption of a quality assurance mechanism and ensure that these are applied on a consistent basis. (Paragraph 73)	2015	OHR	OHR has recently implemented a survey on PEMS and the result has been shared with the Staff Representative Bodies (SRBs). Consultations between OHR and SRBs have taken place with the aim to make an informed decision on how best to improve the system, including in terms of timelines and rewards. OHR also presented the adjustments which will take place for the 2018 and 2019 PEMS cycles.	In process. We appreciate the action taken and we will validate the activities to be undertaken for the 2018-2019 cycle before closing this recommendation. EA expects to be informed on the crafted strategies for the systematic review of the PEMS. We will continue to monitor the implementation of this recommendation.
Performance Management					
11	Craft the Organization's succession strategy and embed the same in the ongoing workforce planning exercise with particular emphasis on leveraging fully on the knowledge, skills and experience of prospective	2015	OHR	Following the recommendations of the study on technical capacity of the Organization, additional efforts have been introduced in the selection and recruitment of consultants, creating specialized rosters of highly qualified candidates ready to take	**Recommendation closed** We will continue to monitor the implementation of this recommendation.

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	retirees to build a pipeline of talents thereby ensuring the mitigation of knowledge gaps. (Paragraph 102)			up assignments, which constitute a pipeline of talents. This has been done while more strict controls have been introduced regarding hiring of retirees, particularly to cover functions that they were covering as staff. This is helping units to mitigate knowledge gaps and to plan their workforces accordingly. As of April 2018, OHR has established 87 Rosters of international Consultants with a total of 1453 endorsed candidates. Moreover, during 2018 the JPO Programme will focus on creating Rosters for positions of priority areas of work of the Organization, such as Antimicrobial Resistance, Climate Change, Agroecology, etc.	
Internal Control					
Statement of Internal Control					
24	Establish a mechanism for responsible officers of the Organization to provide assurance to the Director-General (DG) on the functioning of internal controls within their respective areas of responsibility and for the DG to issue a Statement of Internal Control to be appended to the annual financial statements. (Paragraph 179)	2015	OSP	A Statement on Internal Controls has been issued for 2017 and appended to the Audited Financial Statements. The Statement was based on a reporting process covering all levels of the organization and involving Internal Controls Questionnaires and management representation letters to the Director-General.	**Recommendation closed** An SIC will be appended in the 2017 financial statements. In our 2017 audit visit, we raised new set of recommendations which were accepted by Management in view of the activities undertaken supporting the preparation of SIC.
Audit of Decentralized Offices					

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
26	Continue strengthening the internal control system in decentralized offices through a well-designed internal control framework and a continuous re-tooling of all staff performing programmatic, administrative and financial functions in the decentralized offices. (Paragraph 200)	2015	OSP/OSD/DDO	A comprehensive Internal Control Questionnaire (ICQ), to be completed by all Decentralized Offices on an annual basis, was launched in 2017. The ICQ specifically addresses sufficiency of competencies in all key control-related business processes. Key action points to strengthen the internal controls in the Organization, for implementation and monitoring through established processes, have been identified in the Statement on Internal Controls.	**Recommendation closed** In our 2017 audit visit, we raised a new set of recommendations which were accepted by Management in view of the activities undertaken supporting the preparation of the SIC.
SIGNIFICANT					
IPSAS-Lessons Learnt and Benefit Realization					
2	Validate and confirm the benefits realized in the implementation of IPSAS, and render a report thereon to inform stakeholders of the benefits of adopting the new financial reporting framework. (Paragraph 47)	2015	CSD/CSF	Scheduled for closure by the end of 2018 once report is presented to relevant stakeholders.	In process. All transitory provisions on IPSAS were implemented in the 2017 financial statements. We expect a report on the benefits of IPSAS to be presented to relevant stakeholders.
Performance Management					
5	Enhance the OHR Performance Management Policy by expanding formally the use of career development objectives from a mere basis of skills management to a more comprehensive set of development goals that go beyond competency. (Paragraph 69)	2015	OHR	Lessons learned during PEMS 2016 and 2017 are being taken into consideration for the enhancement of the policy so that plans are linked with developmental goals.	In process. We will continue to monitor the implementation of this recommendation until the plans are linked with development goals.
Staff Development and Training					

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
8 Measure the effectiveness of its learning programmes through impact evaluation in addition to the existing practice to have a more effective basis in the formulation of future learning plans. (Paragraph 83)	2015	OHR	Activities are ongoing, and results from surveys and comparison with baselines will be possible once sufficient data is collected and programmes are launched. Impact Evaluation Surveys are being prepared and will be an integral part of all the training requests.	In process. We note the ongoing work relating to the implementation of this recommendation.
Gender Representation				
10 Enhance the OHR current methodology in establishing gender targets in relation to job vacancies and decision for selection and appointment, and resolve the conflicts in policies on competence and gender parity so that realistic targets are established and managed. (Paragraph 96)	2015	OHR	FAO is following the UN System-Wide Strategy on Gender Parity. The percentage of women has been targeted and is constantly monitored.	**Recommendation closed** We recognize the monitoring conducted by the OHR.
Emergency Rehabilitation Division (TCE)				
13 Craft clear protocols dedicated for L1 and L2 emergencies to ensure clearer accountability lines. Clarify the roles and responsibilities, and control designs for L3 protocol. (Paragraph 112)	2015	TC	FAO issued Director-General's Bulletin 2013/32 - FAO's Declaration and Response Protocol for Level 3 Emergencies (FAO, 2013a) and the accompanying Operational Guidelines for Level 3 Emergency Preparedness and Response (Level 3 Guidelines) (FAO, 2013b). Following extensive consultation with FAO Decentralized Offices and headquarters divisions, the revision of Director-General's bulletin 2013/32 on Level 3 emergency protocols is finalized. The revised DGB, which seeks also to further	In process. We took note of the finalization of the revised protocol for L3 and the scheduled release of a revised DGB for L2.

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
2012-13 BIENNIUM - AUDIT OF HEADQUARTERS					
SIGNIFICANT					
Global Resource Management System (GRMS)					
25	Document the benefits realized by the Organization on the deployed solution to determine the effectiveness of the GRMS programme. (Paragraph 183)	2014	CSD	The implementation of this long-outstanding recommendation is complicated by the fact that key data is no longer available. While a quantitative analysis is therefore not possible, a qualitative assessment of the benefits of the new system can be available by the end of October 2018.	In process. We took note of the schedule for completion of work on this recommendation.
33	Perform the following system enhancements: a) capture of serial number in the Receiving functionality of the Procurement Module to ensure that information can be reflected in the Asset Register when it is interfaced from Accounts Payable; b) inclusion of a facility on asset tagging and making this as a mandatory field when manually adding the assets in Asset management module of GRMS; and c) "defaulting" the head of office or unit as the assigned custodian of assets when added to the Asset Register, with linkage to organizational or country codes, and with the necessary authority to update once accountability is transferred to another, in	2014	CIO/CSF/ SSC	Processes have been redesigned and deployed to capture serial numbers, asset tagging, and custodian information. System enhancements have been aligned with redesigned processes by SSC using asset tagging..	**Recommendation closed** The recommendation is updated in the 2017 audit report of SSC. We will continue to monitor the effective functioning of the processes and system enhancements.

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
compliance with existing policy. (Paragraph 234)				