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الأغذية والزراعة
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FINANCE COMMITTEE

Hundred and Eighty-eighth Session
8-12 November 2021
Progress Report on Implementation of the External Auditor's Recommendations

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NG716/e

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 183rd Session in November 2020.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

➢ The Committee is invited to review the document and provide 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 progress made in closing** the **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[1]	Total Recommendations	Outstanding at previous Reporting Date[2] (November 2020)	Closed since previous Reporting Date	Outstanding at current Reporting Date (November 2021)
Long Form Report 2014	26	1	1	0
Long Form Report 2016	19	1	1	0
Long Form Report 2017	29	5	2	3
Long Form Report 2018	41	18	10	8
Long Form Report 2019[3]	42	42	10	32
Total	157	67	24	43

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.   In addition to the **24** recommendations reported above as closed since the date of the previous progress report, there are a further **7** recommendations which management considers as implemented but which are pending validation by the External Auditor (Long Form Report 2019 – recommendations 31, 32, 37, 3 and 8; Long Form Report 2018 recommendation 40; Long Form Report 2017 – recommendation 15). The External Auditor will validate the management comments and actions taken on these recommendations during its upcoming audits.

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[1] Reports are not listed when all recommendations have been previously closed (Long Form Reports for 2012-13 and 2015).

[2] FC183/8 for Long Form Reports issued for 2018 and prior

[3] FC183/3

Long Form Report 2019

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
FUNDAMENTAL				
Financial Matters				
Employee Benefits Obligations				
2. Regularly fund ASMC and TPF and maximize LTIs performance to provide annual returns above benchmark to ensure intergenerational equity and sustain expected future benefit payments for both active and inactive participants. *(Paragraph 43)*	2021	CSF/CSH	CSF monitors external managers to ensure those managed actively perform accordingly against their benchmark over 5-10 years. While investment performance cannot be guaranteed, continued deviations against the benchmark or misalignment to inferred risk budgets will be reported to the Investment Committee for review/consideration to ensure close compliance to this recommendation. This process was followed closely in reference to the Organization's equity manager whose contract was terminated in March 2020 due to continued poor performance against their benchmark.	**Implemented**
Technical Cooperation Programme				
4. a) Technical Officers and Programme Officers intensify further pro-active engagement with Formulators so that at least 50 percent of projects are approved within the first year of the biennium;	2021	PSS	PSS remains fully committed and is exploring all options to support accelerated TCP approvals and delivery. The COVID-19 emergency has somewhat diluted the impact of related efforts. Management remains confident that the set targets are achievable for the current biennium, facilitated by the simplification measures introduced in 2019.	**Implemented**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
(b) FAO Representatives work more diligently with the Government counterparts to address delays; and (c) Programme Support and Technical Cooperation Department (PSD) and Regional Representatives (RR) monitor closely project delivery to ensure that amounts carried forward are fully utilized at the end of 2021 and that the delivery rate of PWB 2020-21 approved budget in the biennium 2020-21 is increased to at least 40 percent. *(Paragraph 58)*			High-level virtual management meetings, including DDGs and all regional ADGs, focused specifically on TCP, were held in June-July 2020. This included discussions on pipeline and approval status. The approval and expenditure situation is being monitored closely and will lead to further engagement as necessary. An update on the status of TCP approvals and expenditure levels was presented to the 185th Session of the Finance Committee in March 2021 and which confirmed that as of 31 December 2020, TCP projects for a total value of USD 77.1 million had been approved against the 2020-21 net appropriation of USD 135.8 million, corresponding to an approval rate of 57 percent with full programming of the appropriation by the end of 2021 expected.	
Shared Service Centre				
5. Conduct an immediate review of the retention and staffing requirements to address the high turnover and existing risk of non-retention of experienced staff by SSC and complete the analysis to support moving forward with the realignment of the FAO-SSC's existing staffing pattern to ensure that its current grading structure is comparable with other UN agencies in Budapest. *(Paragraph 66)*	2021	CSLC/CSH	A CSL specific restructuring /staffing plan that would in particular help support staff retention in the SSC, which will also address ways to improve the retention situation, is currently under review. Expected completion by end 2021.	**Under Implementation**

	Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
9.	Formulate a clear-cut policy on the eligibility of General Services (GS) staff serving outside Headquarters (HQ) in Rome to qualify for the secondary dependants' allowance, thus, ensuring that the benefit is only granted to eligible staff members. *(Paragraph 86)*	2021	CSH	CSH approved, in May 2020, that for GS staff outside of HQ the eligibility for secondary dependants' allowance would follow the same conditions as those outlined in MS 318 for Professional staff (ref. 318.5.161). This will be reflected in the relevant SOP of the SSC (CSLC). It should be noted that not all local salary scales have a secondary dependants' allowance.	**Implemented**
10.	Establish guidelines that will clarify the allowable provisions in kind including their ceiling amounts, and the documentary evidence that staff members need to provide, in support to the computation of the one-third of the total income of the secondary dependant, to be eligible for secondary dependants' allowance. *(Paragraph 92)*	2021	CSH	Based on information gathered on practices by other UN organizations and funds, including WFP, on how they manage the question of "in kind" contributions to a secondary dependant income, further consultation is ongoing on the matter before finalizing required guidelines.	**Under Implementation**
Review of resource mobilization function					
13.	Invigorate its Corporate Resource Mobilization Strategy to reflect the Organization's current operating reality to further strengthen the resource mobilization governance arrangements and align related activities across all organizational levels. *(Paragraph 113)*	2021	PSR	The 42nd Session of the FAO Conference adopted the Strategic Framework 2022-31 that will guide the Organization's work starting with the next 4-year MTP 2022-25, including the elaboration of the corporate Priority Programme Areas (PPAs). The development of a revised resource mobilization (RM) strategy aligned with the SF is being considered as an essential component of its implementation.	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			Consultations have already started between PSR and the SF development team to map common strategies. FAO's supply/programme of work will consider resource partners' priorities and expectations, the needs at the country level, spanning a wide range of partnerships from traditional resource partners to emerging partners and IFIs as well as non-state stakeholders, including through the development of new ways of doing business. As stated in the FAO Council report, an important number of strategic initiatives have already been introduced by PSR, starting in 2017, leading to the adoption, in 2018, of a business development approach to resource mobilization (FAO Council 160/16, page 3/ paragraph 17). As noted in the full audit report, the RM strategy should incorporate inputs from FAO's Strategy for Private Sector Engagement, the South-South and Triangular Cooperation (SSTC) strategy, and the Hand-in-Hand Initiative. In the interim, as a response to the COVID-19 crisis and the economic contraction worldwide, FAO developed a comprehensive and holistic COVID-19 Response and Recovery Programme, which spans seven key priority areas. The	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			Programme called for USD 1.3 billion in initial investments.	
14. Enhance its resource mobilization strategy management system to achieve better synergy and coordination by: a) preparing its RM corporate work plan that includes the key activities to be delivered based on the planned outputs and updated corporate strategies for clearer accountabilities; and b) coordinating more closely with decentralized offices to ensure that resource mobilization strategies and work plans are prepared and delivered by the Offices within the framework of corporate strategies and work plans, for more effective uptake of results information thereby eliminating accountability gaps. *(Paragraph 119)*	2021	PSR	Agreed with action pending development of the results-chain of the PPAs as part of the next steps in implementing the new Strategic Framework. a) A new RM Strategy will include an overarching 4-year work plan, reflecting planned inputs, key activities, responsible actors, outputs, outcomes and overarching indicators for success. This will align with FAO's corporate work planning, monitoring and reporting system under the PWB/MTP, in particular Functional Objective 8.3 on outreach and its successor Objectives. Roles and responsibilities will be reviewed organization-wide in line with the RM strategy and a strengthened coordination mechanism/task force and support network will be put in place to ease information flow, regularly make known key opportunities, and provide backstopping support and enhanced capacities where possible, particularly at the country level. b) In full support of the UN reform process, the new RM Strategy will aim to strengthen resource mobilization at the decentralized level, and importantly as part of the UNCT and in support of the UNSDCF. The new generation of FAO's CPFs, derived from the new UNSDCF, will include resource mobilization targets, living	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			action plans and strategic recommendations for successful resource mobilization. Clear corporate programme priorities and a means to coordinate and communicate a clear portfolio of programme products should aid all Country Offices in their outreach and resource mobilization. The need for harmonized outreach has been underlined through a recent corporate-wide exercise in response to COVID-19, where PSR is leading a coordinated appeal under the governance of DDG-Bechdol and Chief Economist: FAO's COVID-19 Response and Recovery Programme. Seven (7) key priority areas have been developed in close coordination with the Regional and Country Offices. Formalizing a corporate RM Coordination Mechanism/Task Force (including the regions), will help to govern key RM priorities, in line with the Priority Programme Areas of the recently adopted Strategic Framework, scan for opportunities and challenges and shape FAO's response, bringing countries, regions and the global level together for concerted action and harmonized resource mobilization.	
17.	Craft a corporate resource mobilization monitoring mechanism supported with tools and techniques to ensure that the implementation of its resource mobilization strategies and work plans are systematically informed of the	2021	PSR/PSS	A new data management system will comprise of relevant information on voluntary contributions, including monitoring of resource mobilization performance at the headquarters, Regional and Country levels.	**Implemented**

	Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	pervading operational reality and enable the Organization to reflect on it more effectively. *(Paragraph 136)*			In addition, the new Resource Mobilization Dashboard, launched by PSR in December 2019, fed by information on voluntary contributions provided by FPMIS, represents a first step in assessing RM performance and forecasting voluntary contributions. In addition, an FAO country support hub/platform is being explored as a means to provide a one-stop shop to Country Offices/FAORs for support to programming (including UN reform), resource mobilization and partnership building, given the important level of resources mobilized at country level. A new Country Office BI Dashboard is also being released, providing a set of key performance indicators that allow enhanced monitoring	
19.	Reinforce its monitoring mechanism in project delivery and the related corporate information reporting mechanism, through more robust engagements with the concerned Budget Holders to ensure that donor engagements are sustained, and donor reporting is enhanced. *(Paragraph 149)*	2021	PSS	The Project Support Services Division (PSS) provides weekly and monthly monitoring of the portfolio of donor-funded and TCP-funded projects. The Senior Management of FAO receives monthly updates, while Senior Field Programme Officers (SFPOs) and headquarters Departmental Focal Points receive the weekly updates. Projects are monitored against a number of conditions (low delivery, over expenditure, pending terminal report, pending closure) and the team follows up with SFPOs in the regions and/or Budget Holders in order to ensure that support can be provided for addressing	**Implemented**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			challenging issues, as well as raising awareness for the urgency to resolve any issues. During 2019, there have been improvements in the overall number of projects with conditions that require Budget Holder action. Project cycle Operational Guidelines on project closure (including timelines and steps for terminal reports) were updated in May 2020 and are available in the FAO Handbook. PSS in collaboration with PSR and OER is working on updated guidance for Terminal Reports, including to ensure preparations before relevant NSHR leave the project at its end.	
Review of evaluation function				
23. Update its Evaluation Policy to ensure that the prevailing Norms and Standards and the current operating realities and initiatives are embraced to strengthen further its evaluation policy support and further clarify its accountabilities. *(Paragraph 175)*	2021	OED	OED will develop a draft policy, including aspects such as strategic management, structural independence, and evaluations in Decentralized Offices. It will do so in consultation with the Management and submit it to the Governing Bodies for its review towards the end of 2022.	**Under Implementation**
24. Closely engage with its governing body and re-assess its Charter provisions on the recruitment, appointment, and termination of the Office of Evaluation (OED) Director position, to ensure that process safeguards are put in place to enhance the independence of the function and	2021	OED	Agreed. OED will reflect this recommendation in its proposal for the new evaluation policy in full consultation with the Governing Body and the Management.	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
preserve the interest of the Organization. *(Paragraph 182)*				
25. Engage closely with its governing body and review the existing structural independence of its functions to clearly define its reporting lines and the management's terms of engagements with the evaluation function without prejudice to its independence particularly in the management of its allocated financial and human resources to improve the Division's credibility and value. *(Paragraph 189)*	2021	OED	Agreed. OED will reflect this recommendation in its proposal for the new evaluation policy in full consultation with the Governing Body and Management. Since there is a value in maintaining close linkage to the Management, if the double reporting line is to be maintained, it must be clear what the double reporting line exactly means. While OED fully supports the recommendations to make it structurally independent, it intends to propose a mechanism to ensure the full accountability of OED itself on the use of its own resources, including on the deliveries, the hiring of staff and consultants, and other operational aspects. This could be in the form of a biennial accountability report submitted to the Governing Body and/or the Management.	**Under Implementation**
26. Refresh its evaluation strategy by detailing its priorities for the current biennium and as fed by the evaluation policy and deliveries of the previous strategy to ensure that accountabilities are synchronized, and its works are closely aligned to the current Medium-Term Plan (MTP) and PWB, for better operational synergy and more meaningful assessment of performance. *(Paragraph 195)*	2021	OED	OED generally agrees with recommendations 26 and 27 on strategy management. OED proposes to develop separately a biennial strategic plan with elements described in the Report of the External Auditor. At the same time, it will keep the indicative rolling plan since it is not a biennial planning instrument but a three-year rolling plan with the main purpose of getting feedback from the	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			Programme Committee on the evaluations to be reviewed by the Committee in the longer term.	
27. Develop a biennial strategic plan by: a) providing clearer and more detailed information on planned evaluation activities including the specific project/programme evaluations, the financial resources, and their use to perform the function for better transparency and information value; and b) establishing a more effective protocol to monitor its deliveries relating to timeliness and completeness of reports publication including such references as evaluation plans, terms of reference, management responses and other key evaluation products to ensure that remediation actions are undertaken for deviations, as necessary. *(Paragraph 200)*	2021	OED	See management comment to recommendation 26 above.	**Under Implementation**
Fraud risk management				
30. Craft a best practice fraud risk management policy that will encapsulate all related policies including its Policy Against Fraud and Other Corrupt Practices for a more focused and comprehensive	2021	OSP	OSP will work on the development of a comprehensive Fraud Risk Management policy framework encapsulating all key elements and related policies to allow a more integrated approach to fraud risk vulnerabilities management. This work will be undertaken in	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
management of its fraud vulnerabilities. *(Paragraph 221)*			collaboration with key stakeholders, including OIG, CSH, LEG, Ethics Office and other relevant units.	
31. Facilitate preparation of the Code of Conduct to concretize and consolidate the ethical expectations from its staff. *(Paragraph 225)*	2021	Ethics	**Implemented pending External Auditor (EAUD) validation** Code of Ethical Conduct published in July 2021.	**Under Implementation**
32. a) Provide for the upcoming update of the fraud risk register and fraud risk assessment - more comprehensive guidance in fraud risk assessment built on its current approach, through the crafting of fraud risk assessment process and tools that guarantee the preparation of corporate fraud risk universe, more effective risk register, and the identification of better fraud risk statements and mitigating actions; and b) Undertake a more formal fraud risk assessment exercise at the corporate level to support a complete risk universe or catalogue and ensure a top-down approach on fraud risk assessment. *(Paragraph 230)*	2021	OSP	**Implemented pending EAUD validation** The guidance was revised for the launch of the 2021 Fraud Prevention Plan (FPP) exercise, based on lessons learned and EAUD recommendations. The corporate fraud risk register was also updated in the context of the 2021 FPP, through an in-depth review of the 2020 FPPs and OIG yearly findings and in collaboration with OIG and business owners, to ensure the inclusion of any new risks and the reformulation of the risk register for ease of use and clarity, with the aim to facilitate the preparation of good fraud prevention plans.	**Under Implementation**
36. Improve the uptake of fraud complaints and allegations by streamlining its various fraud reporting channels and mechanisms to enable the	2021	OIG	All fraud complaints and allegations must be reported to OIG through the official channels established by FAO. This has been recently re-emphasized with the issuance of the revised	**Implemented**

	Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	completeness of OIG's records for more efficient fraud response. *(Paragraph 248)*			OIG Charter and FAO Investigation Guidelines. Further streamlining has been achieved by the issuance of "FAO's Road Map, where to go and when" which clarifies the roles of different offices, including the obligation of managers and staff to report fraud to OIG. OIG considers this recommendation as implemented.	
37.	Craft and deliver a definitive strategy to support the OIG's growing investigation workload and the resolution of its operational constraints to enhance efficiency in dispensation of fraud and corruption cases. *(Paragraph 253)*	2021	OIG	**Implemented pending EAUD validation** The new OIG Charter reflects the Director-General's responsibility to provide OIG with sufficient resources, provides for the contribution of extra-budgetary funded activities to support OIG's costs, and assigns the FAO Oversight Advisory Committee an advisory role regarding the sufficiency of resources available to OIG. OIG has proposed to Management a funding benchmark, based on a percentage of FAO's overall budget, which would provide OIG with the necessary resources to address its workload and make the achievement of its mandate sustainable in the long term. Following the establishment in 2020 of an additional Investigator position at P-4 level, the Director-General approved for 2021 additional allocations in non-staff resources, which will allow OIG to inter alia engage investigation consultants to help deal with the ever increasing number of incoming complaints. For 2022-23,	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			OIG will receive an additional biennial allocation to enable the establishment of two new P-3 level Investigator posts, plus an additional USD 0.5 million in non-staff resources. Management has further reassured OIG that the funding needs situation will continue to be monitored during the implementation of the 2022-23 cycle and OIG will therefore highlight any shortages to Management. OIG considers this recommendation as implemented.	
Control environment in decentralized offices				
41. Continue to implement strategic solutions to strengthen their supervisory and monitoring controls over critical processes and decisions to ensure operational efficiency and effectiveness; and better support the certification made by the decentralized office directors of the state of their control environment. *(Paragraph 299)*	2021	DDCT/ Business Owners	Over 2020-2021, FAO continued to strengthen the overall internal controls environment, including supervisory/ monitoring controls over critical business processes (Procurement, Finance, Assets, HR and Travel). Example of key actions/areas: *Internal reorganization/adaptation* (central units/DOs) for improved oversight/support, e.g.: (i) *for procurement* – CSLP – monitoring/ ensuring that Offices with increased DoA meet training/SoD requirements; localized support through the expanded network of International Procurement Officers (including one for each ROs); (ii) *for L3/surge support countries* – set up of a dedicated Compliance support team in OER (Oct. 2020); (iii) *Regional Offices reorganization* (by Dec. 2022)/ *Country Offices* transformation in two phases: efficiency/effectiveness actions (over 2021-22)	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			and policy and structural changes (over 2023-24). *Improving corporate procedures/guidance* – e.g. (i) for national PSA/NPOs to strengthen efficiency/effectiveness/ transparency in the selection process; (ii) adoption of a standardized template for procurement planning; (iii) ongoing initiative to improve SoD management with dedicated software ("Fastpath" – by Dec. 2021). *Strengthening systems/monitoring tools* – e.g. (i) improved use of dashboards/reports (e.g. for EFT use; country financial risk assessments; travel; training requirements (ii) setting up of an integrated monitoring system for DO's oversight (ongoing); for inventory management (ongoing – by 2022); *Strengthening DO capacities/skills* as requirement for performing critical functions/ granting system access – supported by online training compendiums, e-learnings, virtual trainings (areas of procurement/assets/finance/ vendor registration/travel). *Specific ROs led initiatives* to ensure that systemic control gaps are addressed/ monitored (e.g. *follow-up to audits*; set up of a *network of Internal control and compliance focal points* – ROs/HQ – as platform for	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				dialogue in addressing critical control issues/ strengthening oversight).	
42.	Recalibrate its Anti-Fraud Strategy and Action Plan to focus more on addressing the growing fraud cases which involved collusion participated by FAO staff and to develop a more stringent role of unit managers in identifying and preventing fraud within their respective units/offices, all to ensure that FAO manage reputational risks, among others, as a consequence of the presently increasing fraud incidents. *(Paragraph 309)*	2021	OSP/DDCT/ CSH	FAO agrees to the recommendation and will continue, within the overall framework of the Anti-fraud Strategy and Action plan, to work on strengthening the preparation and implementation of the risk-based Fraud Prevention Plans, enhancing oversight and monitoring of measures taken to address identified control weaknesses (in design/application), and reinforcing the role of unit managers and staff in preventing and detecting fraud through existing accountability mechanisms, targeted briefings and more systematic communication about identified fraud cases and disciplinary measures taken.	**Under Implementation**
SIGNIFICANT					
Prepayments and expenses					
1.	Ensure compliance with accounting of prepayments and expenses under IPSAS by assessing the application of the 90-day rule for temporary prepayments during year-end cut-off procedures, specifically in its compliance with accrual method as required in IPSAS 1. We also recommend the enhancement of the reconciliation process for temporary prepayments, to ensure consistency with the closure instructions on the	2021	CSF	CSF is working to enhance reporting to make this easier to control with specific attention to ensuring settlement within 90 days. CSF will also review any required changes to the year-end closure instructions. We note that most of the outstanding advances for Somalia and South Sudan which led to this recommendation have since been reconciled and closed.	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
recording of receipts of all goods and services received on or before the end of financial period *(Paragraph 35)*				
Country Programming Framework				
3. Continue a dynamic engagement with Member Countries, the UN Country Teams and the Resident Coordinators to jointly formulate the UN Sustainable Development Cooperation Frameworks (UNSDCFs) from which the CPFs must be duly derived from to have timely CPFs in place in all countries where FAO provides support. We further recommended that FAO through its training unit prepares/revises and roll-out a CPF training module based on the new CPF guidelines. *(Paragraph 50)*	2021	OSP/CSH	**Implemented pending EAUD validation** Following the release of the UNSDCF guidance and revised CPF guidelines, OSP and CSH designed and developed a blended learning programme to support Country Offices in actively engaging in this new country programming model. This includes two main components: (a) online video that introduces and explains the new way to formulate the CPF, as well as the importance of building strong alliances within UN Country Teams, and (b) in-person virtual workshops on 'Developing a Sound Theory of Change (ToC) in the context of the UNSDCF and derived FAO CPF'. The workshops were delivered in collaboration with the UN Systems Staff College (UNSSC) in 2020/21 and rolled-out to 110 colleagues from 84 FAO locations who play a crucial role in country programming, in order to equip them to better engage and contribute to the development of the new generations of UNSDCFs and derived CPFs.	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Shared Service Centre				
6. Prepare a workplan pursuing full completion in identifying those invoicing transactions (in addition to operational advances, danger pay, and overtime pay) where streamlining or automation can be introduced to move forward with the invoice centralization project and ensure a more efficient and cost-effective processing of invoices. *(Paragraph 72)*	2021	CSLC	Automation of operational advances and overtime is included in the ERP[4] Programme of Work and will be concluded in the timeframe of the project. In addition, a Robotic Process Automation solution (RPA) was adopted and a number of RPA solutions have been implemented in 3rd Quarter 2021; additional ones will be available by year-end 2021. A total of six software robots (BOTs) have been developed to streamline the process of checking NSHR final honorarium payments withheld due to outstanding prepayments. This resulted in the automation of the previously manual steps, now referred to as attended BOT. BOT performs verifications: Checking outstanding prepayments, NTE of index/personnel numbers, and any outstanding items on the clearing accounts. Based on the above information collected, the BOT creates draft emails to be sent to relevant departments/requestors informing them about the held honorarium payment, describing the necessary actions to be taken to request the release of the withheld payments. An RPA solution will be developed and implemented in the invoices area to automate	**Under Implementation**

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[4] Enterprise resource planning

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			some of the processes, decrease the manual work and ensure a more efficient processing of transactions.	
7. Craft a well-developed document proposal aimed at automating the invoicing process for: (a) operational advances; (b) danger pay; and (c) overtime pay. The document proposal should include, among others, a concrete plan with list of activities and corresponding timelines to ensure the completion of the project. *(Paragraph 73)*	2021	CSLC	Analysis has been performed on the Operational Advances (OAs) raised by offices in 2019 to better understand the usage of the OAs and serve as a basis for establishing new procedures and guidelines. A draft design has also been created for a streamlined, proposed new module in GRMS and which could also be considered for the automation of other manual invoices. Progress in addressing this recommendation is as follows: - Operational advances: Functional analysis is completed to better understand the usage of Operational Advances (OA) and serve as a basis for establishing new procedures and guidelines. It has been provided to CSI for technical development. - Danger Pay: Ongoing – the design will be completed by 3rd quarter 2021. - Overtime Pay: The design document will be completed by end of August 2021.	**Under Implementation**
8. Prepare a work plan on the implementation of vendor database quality management as part of the proposed Data Quality Management, indicating therein, among others, a concrete plan with list of activities and	2021	CSLC	**Implemented pending EAUD validation** A work plan for implementation of the vendor Data Quality Management (DQM) has been prepared (May 2020) and concrete activities are	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
corresponding timelines to properly monitor its implementation and ensure its completion. *(Paragraph 79)*			being performed within the framework of the ERP Programme of Work.	
11. Revise the documentary requirements in support for education grant claims to align it with current trends and developments such as electronic-system generated reports in enrolment, invoicing and payments, but should consider necessary controls to prevent submission of fraudulent documents, to allow more convenient and flexible educational arrangements for staff members' children. *(Paragraph 97)*	2021	CSLC	A proposal was made to CSH, as policy owner, to evaluate the need to revise the requirements in support of education grant claims by providing the practices from other agencies. Researching of practices within other UN Organizations is currently ongoing. Implementation expected in 2022.	**Under Implementation**
12. Streamline the procedures in the processing of rental subsidy under the basic scheme by reviewing the necessity of the process wherein the SSC HR Unit recommends to and seeks from DDG-Thomas its approval before a request for rental subsidy is granted. Instead, consider limiting reference to DDG-Thomas only for cases that diverge from the eligibility criteria. *(Paragraph 102)*	2021	CSLC	This has now been delegated to Chief SSC.	**Implemented**
Governance Matters				
Review of resource mobilization function				
15. Clearly articulate the definition of the resource mobilization target and relevant parameters for more effective	2021	PSR/OSP	Agreed.	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
guidance in setting expectations and in defining the expected results. *(Paragraph 125)*			The new Corporate RM Strategy will introduce a technical definition of resource mobilization targets, taking into account FAO's Strategic Framework and financial needs at the Country, Regional and Global levels. Track record, a review of the resource mobilization environment, potentials, and programme priorities are essential to articulating targets. Importantly, these targets are to be closely monitored and adjusted depending on the level of ambition, needs and evolving global, regional and country landscape. Connecting the targets at country, regional and global levels will help communication and coordination on priorities and how there can be corporate-wide support. A good understanding of needs and evolving targets will be key to targeting resource mobilization efforts, particularly in light of the COVID-19 induced recession/slow economic growth in many countries.	
16. Clarify and harmonize its procedures and system of establishing resource mobilization targets at all levels and strengthen related activities to align to organizational needs and achieve a more effective and stable impetus for resource mobilization coordination, decisions and programme delivery. *(Paragraph 131)*	2021	PSR	Agreed. See Management Response to recommendation 15.	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
18. Enhance the Results Framework for Resource Mobilization by developing relevant and quantifiable Key Performance Indicators for each expected output to ensure that achievements are measured against appropriate performance parameters for more meaningful results information and decision base. *(Paragraph 142)*	2021	PSR	Agreed – action pending the development of the results-chain of the PPAs as part of the next steps in implementing the new Strategic Framework. The new RM Strategy will update the existing results framework for resource mobilization by providing a new set of Key Performance Indicators (KPIs) and also incorporate these into the PWB/MTP work planning, monitoring and reporting systems/FO8.3.	**Under Implementation**
20. Reflect on the current organizational RM roles and responsibilities and their interdependencies, deliver a clearer and better-defined RM structure, and support the same with formal policies and authorities, to ensure that RM dynamics are attuned with corporate principles on accountability and internal control. *(Paragraph 156)*	2021	PSR	The new Corporate Resource Mobilization Strategy should present a Resource Mobilization Internal Accountability Framework, clearly stating RM roles and responsibilities at Country, Regional and headquarters levels. As stated in response to recommendation 14, Roles and responsibilities will be reviewed organization-wide in line with the RM strategy and a strengthened coordination mechanism and support network explored to ease information flow, make known key opportunities and provide backstopping support and enhanced capacities where possible, particularly at country level.	**Under Implementation**
21. Undertake a review of the staffing pattern and needs of the Division in relation to accountability relationships and internal control vulnerabilities to ensure that the related operational risks are managed, and efficiency and	2021	PSR	Based on the interim RM strategy and any resulting structural adjustments required, a review of staffing roles and responsibilities and work processes will be considered to fine-tune the effectiveness of the Division. This exercise	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
effectiveness of work processes are enhanced. *(Paragraph 162)*			will be built upon as the new corporate RM strategy is designed. PSR relies on limited regular programme funding, which has remained largely constant for a decade, despite a doubling of both workload and resources mobilized. A new RM strategy will need to realistically consider the resources needed for its execution. Given the vital functions PSR performs, it will explore opportunities to advocate for a portion of the corporate cost recovery, increased funds for key tasks at risk or cost-sharing models with other units and maximize work and relations with supporting functions across the house (for example OCC, PSU, PST, OSP, OER, etc.).	
22. Engage closely with the Office of the Strategy, Planning and Resource Management (OSP) to ensure that its resource mobilization risk management process is made more formal and well-documented considering the requirements of the prevailing standards, so that risks are optimally identified and assessed for the continued progression of its risk management maturity level and optimize the value intended. *(Paragraph 170)*	2021	PSR/OSP	Agreed. As part of the new corporate RM strategy, a review of risks and risk management will be central, particularly in COVID-19 times. Currently, as part of an annual corporate risk identification exercise, PSR has developed a Risk Log that outlines the main risks perceived by the Division, mitigation actions, persons responsible for mitigating the risks and the target completion dates. This will be built upon in the design of the new Corporate Resource Mobilization Strategy; PSR will work closely	**Under Implementation**

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				with OSP in developing the risk analysis and risk management.	
Review of evaluation function					
28.	Ensure that OED's policy proposal and implementation to enhance its decentralized evaluation function at the Regional and Country levels are supported with an effective operational workplan including realistic timelines, the needed safeguards and institutional support situated in a well-defined implementation context to increase its chance for success and creating the needed change. *(Paragraph 207)*	2021	OED	Agreed and in line with the current plan for such evaluations. An action plan will be developed in consultation with the Management, particularly with senior managers in the field.	**Under Implementation**
29.	Enhance the transparency of OED's budget execution through clearer, more specific, concrete and formal policies, processes and structure relating to the allocation, utilization, reporting and overall management of its Regular Programme budget and Evaluation Trust Fund to ensure that the Evaluation Function dynamics are attuned to corporate principles on accountability and internal control, and support budget scrutiny. *(Paragraph 215)*	2021	OED	Agreed. This will be implemented through the biennial strategic plan and the accountability report. More explicit policies will be developed on the use of the programme budget and the trust fund. In this context, OED intends to review how each evaluation activity is resourced – given that FAO field programmes are financed by a mix of the programme budget and voluntary contributions. Another factor to be considered is the increased demand for system-wide coherence and joint activities among UN agencies and the need for enhanced results accountability at the country level as an input to the overall UN system accountability mechanism.	**Under Implementation**

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Fraud risk management					
33.	Ensure to: a) provide policy support to annual affirmations of all staff to ensure that staff disclosures are updated and changes to relevant information are provided, for more effective monitoring and clearer accountability; and b) craft a policy and procedure that embed reference checking into the recruitment procedure for all positions regardless of funding source, nature and location to increase the fraud deterrence value of the recruitment process. *(Paragraph 235)*	2021	Ethics	A form has been developed for online submission and will be reviewed as part of a full review of the annual financial disclosure programme planned for completion by end of 2021.	**Under Implementation**
34.	Craft a strategy to ensure that staff responsibilities on fraud prevention and detection are discussed during the Performance Evaluation and Management System (PEMS) review and appraisal processes to strengthen further the Organization's zero fraud tolerance policy. *(Paragraph 239)*	2021	CSH/ Ethics	Staff responsibilities on fraud prevention and detection have been integrated into performance management briefings for staff and managers since May 2019. Managers are requested to discuss these responsibilities with staff members during the Probationary Performance Appraisal (PPA)/PEMS review and appraisal discussions to strengthen awareness of FAO's zero fraud tolerance policy. Furthermore, the mandatory PEMS supervisory objective has been updated and from 2021 now includes an indicator on creating and maintaining an inclusive, respectful and ethical work environment free from any form of fraud, harassment, sexual harassment,	**Implemented**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			discrimination, and abuse of authority by ensuring that all personnel are aware of the policies and by managing any issues in accordance with the applicable procedures.	
35. Craft a policy and procedure on the conduct of exit interview for all separating staff as part of the off-boarding process, to strengthen its fraud prevention and detection mechanisms and, for better organizational learning. *(Paragraph 242)*	2021	CSH	All staff, including short-term staff leaving FAO, have the right to complete the exit interview questionnaire as part of their offboarding procedure**.** In 2020, the exit interview procedure has been revised, with the objective to have a better understanding of employees' experience of workplace ethics, including harassment, sexual harassment, discrimination, abuse of authority, fraud or corruption in FAO.	**Implemented**
38. Ensure that the planned revision of its investigation guidelines consider procedures on witness and subject interview; investigation planning; notification to complainants; structure of investigation reports; referral to authorities; and safeguarding of assets and chain of custody, to provide a more thorough guidance to users. *(Paragraph 257)*	2021	OIG	The FAO Investigation Guidelines promulgated in March 2021, provide comprehensive guidance to investigation participants. OIG has also finalized a number of Standard Operating Procedures, to further clarify and provide implementation guidance for its investigators regarding the different phases and aspects of the investigation process, including those highlighted by the External Auditors. OIG considers this recommendation as implemented.	**Implemented**
39. Adopt a set of performance indicators relative to the implementation of its Anti-Fraud Strategy and Action Plan to ensure that the performance of activities under each objective is supported with clear performance	2021	OSP	Building on experience so far, a process for monitoring progress in implementing the Strategy, including the list of performance indicators and related methodology, will be formalized and documented.	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
expectations for more meaningful measurement of policy performance. *(Paragraph 262)*				
Implementation of Enterprise Risk Management				
40. Fortify its ERM implementation business case by ensuring that related planned works and required building blocks are delivered chronologically; and supported with robust change management activities, for better implementation manoeuvrability and to increase its chance for success. *(Paragraph 271)*	2021	OSP	Agreed. FAO is aiming to proceed stepwise along the axis of the maturity model towards greater ERM maturity rather than use a big bang approach as its overall implementation strategy.	**Under Implementation**

Long Form Report 2018

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
FUNDAMENTAL				
Financial Matters				
Employee Benefits Obligations (EBO)				
7. Set up specific funding and cost reduction (containment) arrangements within a determined period to address its end-of-service liabilities within the guidance provided by the FAO Governing Bodies. *(Paragraph 69)*	2019	CSF/CSH	Management continues to draw the attention of the Governing Bodies to this matter, including regularly presenting documents providing updated information on the size of the liabilities, options to address the funding shortfalls, ongoing discussions within the United Nations system on this matter and activities aimed at containing the costs of the current medical insurance plan.	**Under Implementation**
Management of Investments				
8. Formalize, circulate, and publish as a written policy the present practice of procuring the services of Investment Managers and Custodian. The policy to include: a. detailed activities to be performed in every stage of procurement, from the Initiation, Selection, Approval and Signing of the Financial Contracts; and b. defined criteria in the selection and eligibility requirements of Investment Managers and Custodians, the terms of reference, and other conditions that are deemed appropriate. *(Paragraph 73)*	2019	CSF	The DG has endorsed the new Investment Committee (IC) Terms of Reference. The IC shall be responsible for the selection of financial service providers for investments (investment managers, investment advisers, global custodian) and the process shall follow the steps described below: - the Treasury/Investments Group (CSFT) defines a list of criteria on which to base the selection; - CSFT, with assistance from its external investment adviser, establishes a list of possible providers, using publicly available sources, to which a Request for Proposal (RFP) is addressed; and screen the long list of replies to the RFP and determines a short list of candidates to propose to the IC; - CSFT makes individual compliance visits to the	**Implemented**

	Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				short-listed candidates; - the short-listed candidates make presentations to the IC; - the IC will make a final decision based on the feedback of the compliance visits and the presentations from candidates; - CSFT negotiates the final contract with the assistance of the external adviser and the Legal Office for the signature of the Director of Finance.	
9.	Evaluate with due diligence the current performance of emerging market portfolio and determine appropriate avenues where optimal returns are achievable while outperforming the benchmark to ensure that investments in emerging markets are protected against future losses. *(Paragraph 78)*	2019	CSF	The FAO treasury unit submitted the negative excess performance issues to the Advisory Committee on Investments which expressed concern with this mandate and suggested terminating it. Following endorsement by the Investment Committee (IC), in March 2020 the Organization divested its equity holdings (both in emerging markets and developed markets). These have since been repositioned, and active management will be sought for the target manager of the emerging market equity portion.	**Implemented**
Statement of Internal Control (SIC)					
20.	Address the challenges confronting the Office of the Inspector General (OIG) in its investigation work especially on constraints in resources, and put equal emphasis on and strategize to take prompt and effective action on complaints relating to fraud or misconduct to sustain its strong message that the Organization is serious in combating fraud and	2019	OSP	Additional resources were provided for the biennium 2020-21 and requirements will be evaluated to ensure resources are adequate on a regular basis in line with the guidance of the Governing Bodies.	**Implemented**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
misconduct and to better deter their occurrence hence, promoting better fraud controls within the Organization. *(Paragraph 128)*				
SIGNIFICANT				
Financial Matters				
Shared Services Centre (SSC)				
11. Fast track the negotiation and procurement of a structured tool for SSC to ensure that cases/requests for processing are properly managed, accurately tracked and monitored resulting in effective and efficient operations, reporting and compliance to better support FAO. *(Paragraph 87)*	2019-2020	SSC	On track. A case management tool (ServiceNow) was identified for use by the SSC for automating case management. A Capex proposal was approved (May 2021) by the Capex Board for implementation of the new tool. This is a combined project, for the tool to be utilized in a first phase by SSC and CSI. Phase 1 has started and will be completed by November 2021. Overall, the project will take about 18 months to complete.	**Under Implementation**
12 Craft a mechanism to prepare a periodic Report on Compliance with policies and procedures of service requests coming from FAO Offices which should be regularly communicated to them, and publish such report in the SSC dedicated website or dashboard primarily to serve as valuable information that will assist FAO Offices and the SSC in proactively addressing the communicated opportunities in	2019-2020	SSC	The adoption of the ServiceNow platform will provide much more powerful reporting tools to measure the compliance of service-providing units (SSC, CSI, CSLI) with the established Service Level Agreement (SLA). The same will cater for reporting of customer satisfaction, thus resulting in the elimination of the current email-based requests and customer satisfaction tool and retiring of the ServiceDesk tool. The integrations with GRMS foreseen in the third phase of implementation will allow to build more	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
improving compliance of service requests and help in achieving efficient and effective process results. *(Paragraph 91)*			powerful analytics and trending reports to be easily shared with internal clients via a dashboard. Implementation of the third phase is foreseen for the end of 2022 after the ERP technical upgrade is completed. Area of compliance cuts across all FAO's streams, offices and the Decentralized Offices, whilst policy owners act as "centre of excellence" providing oversight and guidance on their areas of expertise (business operations, finance, programme management, technical areas of FAO's mandate) to their respective clients and the stakeholders alike. This recommendation is expected to be completed with the rollout of the ServiceNow, by 31 December 2022.	
13.	Utilize the Report on Compliance by SSC, to include error rate or non-compliance rate indicators when evaluating the performance of the Responsible Officer/Staff causing the non-compliance to further enhance accountability and effective delivery of their responsibilities. *(Paragraph 92)*	2019-2020	SSC	SSC will be able to provide reports on the customer satisfaction and the compliance with established SLAs, for the services provided both by the SSC and other services/divisions (CSI and CSLI) embarking onto ServiceNow from the legacy systems (email requests, and ServiceDesk tool). This recommendation is expected to be completed with the rollout of ServiceNow, by 31 December 2022.	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Governance				
Corporate Human Resource (HR) Management				
21. HR business plans Prepare and update its human resource business plans that are reflected in formal and concrete Strategic and Action Plans covering a given period to establish clear roadmaps and milestones; corroborate monitoring of work deliveries; support reported methodologies, strategies and accomplishments to improve information integrity in its reports. *(Paragraph 133)*	2019-2020	CSH	The HR Strategic Action Plan 2020-2022 was presented to and approved by the Finance Committee in November 2020 and the Council in December 2020. The new Human Resources Annual Report was presented to the Finance Committee in March 2021, highlighting progress made towards the outcomes and outputs detailed in the HR strategic plan.	**Implemented**
22. Workforce planning Ensure that the workforce planning exercise takes into consideration the staff feedbacks and the established timeframe for delivery; and supported by a good analysis framework to attain the value intended and promote operational efficiency. *(Paragraph 137)*	2019-2020	CSH	This action is on the plan as part of the implementing of JIU recommendations for the planning process (Staffing and mobility, workforce planning) with a planned close date of 31 December 2021. CSH has undertaken a preliminary skills mapping exercise in July-August 2019, in consultation with OSP. For the next PWB cycle, CSH together with OSP will coordinate the workforce planning, in consultation with the hiring units at HQ in an integrated manner. Staff feedback, recommendations of the OIG audit of the mobility programme as well as OED's evaluation of the strategic results framework (ability to deliver the	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			strategic results and field capacity gaps) will be duly taken into account. The HQ restructuring was completed in 2020. The Regional Office review and Country Offices transformation are in progress.	
23. Staff Mobility Enhance its mobility policy by ensuring that the HR strategic objective and the related action plan are clearly articulated to facilitate effective implementation; by performing timely and regular evaluations through feedback from staff; and by strengthening further its communication with other offices. *(Paragraph 144)*	2019-2020	CSH	In its Report to the Council (CL 165/11), the Finance Committee encouraged the development of initiatives as part of a mobility framework rather than one mandatory programme. Staff mobility and its strategic objectives will be integrated as part of new and updated staffing and career development policies and practices as well as new initiatives.	**Implemented**
24. Recruitment policies Strengthen its existing recruitment and selection policies, design effective processes and mechanisms and ensure that clear efficiency parameters are included in the development of its recruitment process Key Performance Indicators to accurately measure performance of related activities by process owners and enable better performance monitoring of the whole recruitment and selection process. *(Paragraph 147)*	2019-2020	CSH	CSH is in the process of conducting a review of the recruitment and selection procedures aimed at improving transparency and efficiency, as well as supporting strategic partnerships and the needs of both technical and non-technical divisions and offices with a target completion date of 31 December.	**Under Implementation**

	Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
25.	Gender parity Continue to pursue efforts towards achieving the gender parity goals inter alia by articulating its target for each category of post with timelines; articulate with clarity, the guidelines and procedures on geographic diversity and to communicate the same to hiring managers to ensure better representation and transparency; and facilitate the timely monitoring of the progress made therein for the efficient achievement of expected results. *(Paragraph 150)*	2019-2020	CSH	The Organization fully recognizes the importance of monitoring its gender parity targets and periodically reports on progress made for each level of post to the Finance Committee and the Council. Based on the Action Plan for the achievement of equitable geographic distribution and gender parity of FAO staff, FAO gender parity at professional level should be achieved by 2022, and for senior positions by 2024. To strengthen managerial accountability, an indicator was added to the supervisory objective as part of the 2020 Performance Evaluation and Management System (PEMS) work plan aimed at promoting gender parity.	**Implemented**
26.	Hiring of consultants Reinforce its policy on the hiring and renewal of consultants/PSA subscribers with the inclusion of clear provisions on the grant of exceptions on the required contract breaks to better establish authority, clarify accountabilities and eliminate discretions. *(Paragraph 155)*	2019-2020	CSH	The appropriate level of delegation for decisions regarding contract breaks is being reviewed. Once the decision is taken, relevant documents will be revised to reflect the level of delegation along with provisions on the grant of exceptions. This action is on the plan (Staffing and mobility, NSHR), with a target date for completion by Oct. 2021. Revised guidelines for COF.REGs and PSA.SBS are under preparation, to be finalized by the end of 2021.	**Under Implementation**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Control environment in decentralized offices				
Technical Cooperation Programme (TCP)				
34. Ensure overall efficiency and effectiveness in the delivery of TCP projects by revisiting and further improving its implementation strategy, closely engaging with all project stakeholders to reduce project time lags, and capacitating staff by providing trainings on formulation of the mechanics and preparation of project documents. *(Paragraph 181)*	2019-2020	PSS	In February 2019, Management issued revised TCP policies and procedures, containing a simplified project document format. It is expected that the simplifications introduced will substantially reduce the time required to respond to requests for assistance and facilitate efficient implementation. In addition, early approvals against a biennial allocation will result in the early delivery of resources. Further improvements are being explored in the follow-up to the Audit of the project cycle (completed in May 2020), ad hoc initiatives to simplify procedures and through a corporate initiative to replace FPMIS. Management is promoting staff capacity development on the project cycle, including TCP, through training events and the updating of guidelines and e-learning tools.	**Implemented**
Donor Reporting				
35. Ensure timely and accurate delivery of relevant donor reports through sustained monitoring efforts and control activities; and take advantage of the usage of the Reports facility of FPMIS to provide the required reports and monitor submission of the progress and terminal reports. *(Paragraph 185)*	2019-2020	CSF/PSS	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. The formats for both TCP and trust fund terminal reports were updated in 2018/19 to include explicit	**Implemented**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			reference to the SDGs. TCP terminal report was also simplified and streamlined. To improve the monitoring system, PSS will be working closely with OSP, Budget Holders and other stakeholders to introduce a new IT platform in FAO, "PROMYS", based on lessons learned from the existing FPMIS, so as to be able to (a) incorporate new data to better align with new resource partners' reporting requirements, and (b) apply a computerized follow-up system and more stringent controls to monitor the status of reports and the consequent closure of projects. The scoping of the project to replace FPMIS was completed in June 2020 and implementation is pending a decision on the way forward. However, the suggested timeline of 2020 will not be met as the initiative is very complex and will require at least two years of implementation. During 2019 and early 2020 PSR has strengthened its internal reporting guidelines and capacities for ensuring the delivery of more timely, reliable and relevant donor reporting. A fully updated set of reporting templates is being developed, including for new funding instruments. In this context, and after a successful series in 2019, capacity-building activities continued in 2020 with trainings and webinars on FAO's corporate and donor reporting for all Decentralized Offices and FAO headquarters. In addition, internal guidelines will continue to contribute to ensuring that all relevant project documents and funding agreements clearly mention	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			the required responsibilities, deadlines and reporting costs in a standardized language.	
Cash management				
37. Strengthen compliance with the controls over cash related activities through close monitoring of bank balance as well as Operational Cash Advance (OCA) and Operational Petty Cash (OPC) utilization and replenishments, review of authorized level of OPC fund based on monthly utilization, and continuous monitoring of the same to avoid multiple grants and non-settlement of advances beyond due date. *(Paragraph 193)*	2019-2020	CSF	The online, risk-based Fraud Prevention Plan for Decentralized Offices allows the preparation and follow-up by Country Offices of their Fraud Prevention Plans. Petty/Operational Cash is identified as a sub-area of risk, which allows self-assessment of risks and identification of mitigating measures by Country Offices.	**Implemented**
Human Resource Management in Decentralized Offices				
39. Reinforce monitoring activities on record keeping and documentation of activities such as records of consultant's selection and notes explaining the choice of National Project Personnel (NPP) to assure efficiency and transparency in managing Human Resource-related activities; and ensure completeness of information in the terms of reference of Non-Staff Human Resources (NSHR) as basis for monitoring and evaluation of work delivery. *(Paragraph 201)*	2019-2020	CSH	In January 2020, the guidelines for employment of National PSA (PSA.NAT) and National Project Personnel (NPP) were revised by CSH to strengthen the operational efficiency and effectiveness of the selection process. The guidelines strongly encourage a transparent competitive/comparative selection and emphasize the importance of providing and retaining written records. In June 2020, a monitoring tool utilizing dashboards was made available to Country/Regional Offices in you@fao, facilitating follow-up actions to ensure compliance with Mandatory Training.	**Implemented**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Travel Management				
40. Strengthen monitoring controls in the management of travels to ensure adherence with FAO's policies and procedures through compliance with the Quarterly Travel Plan (QTP) requirement, timely settlement of travel prepayments and submission of required post-travel documents such as Travel Expense Claims (TEC) and Back to Office Report (BTOR). *(Paragraph 205)*	2019-2020	CSL	**Recommended for closure** The change in Organizational structure has rendered the GRMS QTP planning module redundant. Any potential redevelopment will be done in the context of a full review of QTP requirements and a feasibility assessment of a future QTP module *vis-à-vis* changes in travel industry environment. Current travel conditions, the suspension of regular duty travel since March 2020 and rapidly changing market conditions have rendered traditional travel planning methods unviable. As the suspension of regular duty travel is expected to continue, QTP revival can only be carried out once the industry has stabilized. Monitoring dashboards have been implemented in iMIS in the areas of International travel and local travel to monitor travel expenditure and activity. Improvements and enhancements in dashboards will be done on an ongoing basis. Management recommends that this recommendation be closed as part one (QTP) is redundant and part 2 has been fully implemented.	**Under Implementation**

Long Form Report 2017

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Financial Matters				
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	A detailed request for the write-off of project deficits has been prepared and is now going through the process of review in accordance with the procedures set out in Financial Rule 202.10.7.1.	**Under Implementation**
5 Continue the ongoing work undertaken by the business unit, CIO[5] 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	CSI	FAO has proceeded with selected patches to resolve these issues. This, in coordination with continuous communication with the relevant business units, is managing identified system errors. The next major upgrade of GRMS (planned for 2021) is expected to further stabilize the system.	**Implemented**
Governance Matters				
Corporate Travel Management				
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	2018	CSL	**Implemented pending EAUD validation** Comprehensive Travel policy changes have been made and policy changes implemented via Administrative Circulars 2020/06 and 2019/08. A document outlining the roles and responsibilities of all personnel involved	**Under Implementation**

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[5] Now CSI following revision to the organizational structure.

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
properly monitored with a concrete feedback mechanism; are supported by a high level of staff awareness on the policies; and provide effective policy implementation oversight. *(Paragraph 113)*			in travel administration has been published on the FAO intranet in the FAO Handbook. Manual Section changes have also been submitted for clearances and will be published once finalized. As the related policy changes have already been implemented via the respective Administrative Circulars, this recommendation is considered implemented.	
Operations of Representation Offices				
Delivery of Trust Fund projects				
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	PSS	Delays in project delivery have an impact on the Organization's resource mobilization targets and involve a reputational and financial risk for FAO. PSS provides weekly and monthly monitoring of the portfolio of donor-funded and TCP funded projects. The Senior Management of FAO receives monthly updates, while Senior Field Programme Officers (SFPOs) and headquarters Departmental Focal Points receive the weekly updates. Projects are monitored against a number of conditions (low delivery, over expenditure, pending terminal report, pending closure) and the team follows up with SFPOs in the regions and/or Budget Holders in order to ensure that support can be provided for addressing challenging issues, as well as raising awareness for the urgency to resolve any issues. During 2019, it has been noted that those responsible for projects are taking action, and there have been improvements (a decline) in the overall number of projects with conditions that require Budget Holder action.	**Implemented**

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Asset and inventory management				
27 Ensure that activities, processes and responsibilities relating to asset and inventory are properly observed and undertaken through enhanced monitoring mechanisms to adequately safeguard and effectively utilize its resources. *(Paragraph 161)*	2018	CSF/SSC	The project started at the end of 2019 and is currently in the phase of confirming high level business requirements, preparing a process matrix in consultation with stakeholders, and carrying out a fit gap analysis against Oracle products to confirm and finalize the selection of the system solution. The project is aligned to the ERP technical and functional upgrade. The rollout will start once the upgrade is completed at the end of 2021 and will be implemented in phases during 2022. The module will provide a robust system that will track inventory across all offices, will improve delivery of goods to destinations in the field, and the subsequent tracking, management and maintenance of inventory for Organizational effectiveness and will improve visibility, oversight, monitoring and controls with analytics reports and dashboards, and increased transparency to Donors.	**Under Implementation**

Long Form Report 2016

	Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
MANAGING CONTROLS IN PROJECTS					
SIGNIFICANT					
Field Project Management Information System (FPMIS)					
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 prioritizing its activities, moving forward. *(Paragraph 92)*	2017	PSS	**Implemented** The comprehensive analysis of the project cycle and required system support and procedures has been performed as part of the PROMYS project scoping phase and will be implemented with that project. In the meantime FPMIS continues to be maintained pending the implementation of the new system.	**Implemented**

Long Form Report 2014

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
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	CSH	**Implemented** The HR Strategic Action Plan 2020-2022 was presented to and approved by the Finance Committee in November 2020 and the Council in December 2020. The new Human Resources Annual Report was presented to the Finance Committee in March 2021 highlighting progress made towards the outcomes and outputs detailed in the HR strategic plan.	**Implemented**