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منظمة
الغذية والزراعة
للأمم المتحدة

FINANCE COMMITTEE

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**Progress Report on Implementation of Recommendations of the
External Auditor**

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EXECUTIVE SUMMARY

- This report outlines the progress on implementation by the Secretariat of the recommendations made by the External Auditor.
- The report presents the progress made by FAO to implement the recommendations that were outstanding at the date of the previous progress report presented to the Finance Committee at its 188th Session in November 2021.

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**
- **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 2021)	Closed since previous Reporting Date	Outstanding at current Reporting Date (November 2022)
Long Form Report 2017	29	3	1	2
Long Form Report 2018	41	8	1	7
Long Form Report 2019	42	32	15	17
Long Form Report 2020 ³	48	48	11	37
Total	160	91	28	63

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 **28** recommendations reported as closed above since the date of the previous progress report, there are further **16** recommendations that management considers as implemented but which are pending validation by the External Auditor (Long Form Report 2020 – recommendations 4, 5, 15, 17, 18, 27, 29, 31, 32, 34, 35, 36, 42; Long Form Report 2019 – 40, 42; Long Form Report 2018 – recommendation 11). The External Auditor will validate the management comments and actions taken on these recommendations during its upcoming audits.

¹ Reports are not listed when all recommendations have been previously closed (Long Form Reports for 2012-16).

² FC188/6.1 for Long Form Reports issued for 2019 and prior.

³ FC188/3

Long Form Report 2020

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
FUNDAMENTAL				
Financial Matters				
Employee Benefits Obligations				
1.	2022	CSF	<p>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, and options to address the funding gap, and is committed to evaluating the feasibility of long-term strategies to bridge the gap in funding of ASMC and TPF. The latest update on this matter was presented to the Finance Committee at its 191st Session in May 2022.</p> <p>Regarding the UN ASHI working group, Management highlights that several recommendations are not feasible for implementation as they are not tailored to FAO's ASMC programme:</p> <ul style="list-style-type: none"> • Collective negotiations with health care providers are not feasible as FAO has a different risk profile, demographic and geographic presence, and coverage of benefits are all 	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>different. Instead, service providers have been working on expanding their network to have the best price for all FAO insured populations.</p> <ul style="list-style-type: none"> • While there have been some discussions at the UN level pertaining to leveraging national health schemes, due to the difficulties in managing this recommendation at a national level for each country involved, no conclusions have been reached. FAO promotes the use of national health programmes in its Basic Medical Insurance Plan (BMIP) coverage to encourage staff to consider the ASMC as offering supplementary benefits through reimbursing 100 percent of the remaining out-of-pocket portion of national expenses. 	
Budget Variance					
2.	FAO may comply with the requirements of International Public Sector Accounting Standard (IPSAS) 24 and accordingly provide (i) suitable explanation of the differences for each level of oversight by governing bodies,	2021	CSF/OSP	Management notes the recommendation and highlights that additional narrative on chapter variances was included in the revised 2020 Financial Statements within Note 25.10, and within the 2021	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	and (ii) if such explanation is included in other public documents issued in conjunction with the financial statements and are so cross referenced, then these need to be internally consistent. <i>(Paragraph 71)</i>			Financial Statements, within Note 24.10. Management will continue to review and strengthen the Financial Statement note disclosures relating to Budget Variances in future financial reporting periods.	
Supplier advances					
3.	Monitoring of supplier related advances (mainly Vendor Advances) may be strengthened and a time bound strategy for settling supplier related advances may be framed. <i>(Paragraph 76)</i>	2021	CSLC	The Finance Division (CSF) has already established monitoring tools to monitor all advance types; including vendor advances and on the average time to settlement. CSF follow up with relevant offices when settlement times are excessive.	Implemented
Assets					
5.	FAO may reassess the useful life of its assets to reflect fair presentation as per IPSAS and to ascertain reasonable estimate of useful life of assets for their further utilization or disposal. <i>(Paragraph 87)</i>	2022	CSF	Implemented pending EAUD validation Management has completed its assessment of the useful economic lives (UELS) of various asset classes and implemented the resulting changes in asset UELs, effective 1 January 2022.	Pending validation
Receivable Assessed Contribution					
6.	FAO may assess the recoverability of old	2021	CSF	Management notes the recommendation and continuously	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	outstanding assessed contributions, take action as per Financial rules and Regulations and seek approval of the Conference to write off the irrecoverable assessed contributions. <i>(Paragraph 89)</i>			assesses the recoverability of old outstanding assessed contributions in order to determine the appropriate provisions to be recorded in the financial statements, and to evaluate any requests received for arrears instalment plans. Management, however, disagrees with the proposal to write-off old outstanding amounts and notes that i) FAO is awaiting a UN resolution on the appropriate action to take regarding Yugoslavia; and that ii) other outstanding receivables owing from Member Nations would require FAO Conference approval in order to be written off.	
7.	FAO may, after assessing the possibility of recovery on a case by case basis of the old outstanding receivables, other than Government Counterpart Cash Contributions (GCCC), consider write off of irrecoverable amounts on a periodic basis. <i>(Paragraph 93)</i>	2021	CSF	Management confirms that FAO reviews the recoverability of other receivables on a periodic basis in line with the recommendation.	Implemented
Management Matters					
Regional Initiative to End Hunger in Africa by 2025					

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
33.	FAO may improve delivery of projects under the Regional Initiative for ensuring that project outcomes are achieved in a time-bound manner. <i>(Paragraph 259)</i>	As part of ongoing work	RAF	<p>Actions are being taken as part of ongoing work by Budget Holders and monitored for compliance by the Field Programme Support Network (Project Task Force in Regional Office for Africa (RAF) and Subregional Offices) to ensure timely reporting on all projects.</p> <p>In addition, at the beginning of each month, a trigger is generated by the Field Programme Management Information System (FPMIS) system and sent to all budget holders to complete pending actions, including the submission of reports based on the requirements set out in the relevant funding agreement.</p>	Implemented
SIGNIFICANT					
Financial Matters					
Assets					
4.	FAO may review the threshold for capitalization of its property, plant and equipment. <i>(Paragraph 80)</i>	2021	CSF	<p>Implemented pending EAUD validation</p> <p>Management conducted a review of FAO's asset capitalization thresholds in Q4 2021 and increased its capitalization thresholds: for PP&E from USD 1 500 to USD 5 000, and from USD 50 000 to USD 100 000 for</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				self-constructed assets; and increased its Individually purchased intangible assets from USD 1 500 to USD 5 000 and from USD 100 000 to USD 200 000 for individual internally developed intangible assets to USD 200 000, retroactively from 1 January 2021.	
Inventory Management					
8.	FAO may ensure compliance to IPSAS 12. Priority may be accorded to time-bound implementation of Global Inventory Management System (GIMS) with inclusion of best inventory management practices in the module. <i>(Paragraph 96)</i>	2023	CSLC	Management considers that this is an ongoing activity with a planned rollout following a phased approach. The needs assessment has been completed and business requirements defined.	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Open items in Bank Reconciliation					
Financial Instruments -Value at Risk					
9.	FAO may work out Value at Risk (VaR) of all the investment portfolios and disclose the same with all parameters, assumptions, data and method in its financial statements, as per IPSAS-30, for better understanding of financial risk. (Paragraph 98)	2021	CSF	<p>FAO receives the data for the VaR risk measure from the Organization's global custodian, Northern Trust, as part of the monthly risk analysis. Consequently the parameters and assumptions have been considered not by FAO, but externally. VaR is only one of the risk measures considered by the Organization in the review of risk and portfolio performance, and as such, does not directly or independently generate any decisions relating to the investment or divestment of FAO's portfolios.</p> <p>Typically, only UN agencies established as financial institutions currently report this risk measure in respect of market risk, due to its complexity and the potential to not be understood by the readers of the accounts. FAO does not consider implementation of VaR as being conducive to harmonization of the financial instruments note disclosure across UN organizations.</p> <p>FAO has opted to disclose within its Financial Statement Note disclosure</p>	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				on Financial Instruments, additional information on the variety of risk metrics used by Management, which includes the value-at risk variables provided by the global custodian, to measure the risk exposure of the Organization's investments.	
Compliance Audit at FAO Headquarters					
Procurement Management					
10.	Uploading of documents in Global Resource Management System (GRMS) relating to procurement may be ensured to facilitate proper evaluation and monitoring of the procurement process and also to enhance transparency. It is also recommended to ensure that actual delivery dates of goods are entered in GRMS to facilitate evaluation of vendor performance. <i>(Paragraph 103)</i>	March 2023	CSLP	<p>FAO agrees to ensure that documentation for each Purchase Order (PO) is easily available and will review options to achieve this in a manner that may not involve a permanent presence of such documents in GRMS. This is due to:</p> <ul style="list-style-type: none"> the lack of capabilities for tagging, categorizing and searching for attachments in a transactional system, such as GRMS; and impact on future performance of the system as more and more documents are being added. <p>In respect of the delivery date of goods, CSLP agrees in principle with the recommendations and will</p>	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>collaborate with the Digitalization and Informatics Division (CSI) and the Shared Services Centre (SSC) to confirm the feasibility/acceptability of this recommendation in line with the Enterprise Resource Planning (ERP) capabilities.</p> <p>As part of the Procurement Transformational Change project, now initiated, these capabilities will be incorporated in the recommendations for future improvements to the ERP system.</p>	
Travel Management					
11.	<p>An effective monitoring and follow-up mechanism on outstanding travel advances may be put in place for compliance of the stipulated timelines for settlement, with particular emphasis on old cases. It may be ensured that correct and updated data of outstanding advances is maintained by removing transactions that are already adjusted from the database. <i>(Paragraph 108)</i></p>	December 2022	CSLC	<p>For the first part of the recommendation, an ongoing monitoring and recovery of outstanding travel advances is already in place whereby a list of outstanding travel advances is generated on a monthly basis and any travel advance that is overdue and does not have a corresponding TEC approved in the system is automatically recovered from the traveller via payroll.</p> <p>The second part of the recommendation on ensuring that correct and updated data of outstanding advances is maintained by</p>	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>removing transactions that are already adjusted from the database, is being addressed. The reported issue of old/cleared advances still appearing on the outstanding advances report was fixed at the end of February 2022.</p> <p>This recommendation will be fully implemented by 31 December 2022.</p>	
Governance Issues					
13.	<p>FAO may work out the VaR on all the investment portfolios in order to assess the potential loss on the entire investment portfolio and also consider raising the confidence level for better risk monitoring. <i>(Paragraph 117)</i></p>	2021	CSF	<p>The Organization has requested additional Value at Risk (VaR) analysis from the custodian, which will enable disclosure of both 95 percent and 99 percent confidence level metrics.</p>	Under Implementation
14.	<p>In light of the nature of complaint cases, FAO may examine if any systemic improvements are required in the Organization. It may consider providing Office of the Inspector General (OIG) with adequate resources to address the increasing numbers of complaints. <i>(Paragraph 119)</i></p>	As part of ongoing work	OSP	<p>In 2022-23, Management allocated an additional biennial allocation of USD 1.1 million to further strengthen the investigation function (C 2021/3 para 59 b). This matter is kept under continuous review during the implementation period with further funding forthcoming based on OIG needs and availability of funding.</p>	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Field Offices					
Project Management					
16.	Project implementation may be improved through better risk assessment and planning for ensuring timely completion of projects. It may be ensured that operational and financial closure of projects are effected within the prescribed timelines. (Paragraph 128)	As part of ongoing work	PSS/CSF	<p>PSS has strengthened corporate monitoring of projects in conditions and has developed a dashboard that provides additional drilled down data compared with the <i>Field Programme Support Network</i> (FPSN) tool, to support early detection of possible implementation delays. The dashboard was shared with Regional Offices and is being enhanced to facilitate local monitoring. An analysis of the main project implementation issues identified in the Dashboard is carried out every four months.</p> <p>Project Not-to-Exceed (NTE) dates often require extension due to tight dates imposed by donors during formulation and their extension is done in the interest of project beneficiaries. Revision of NTE dates also reflects the complex and uncertain environments where FAO works.</p>	Implemented
17.	Process owners may be sensitised about ownership of data and the need to ensure accuracy of data/information	2022	PSS/OSP/ LEG	Implemented pending EAUD validation	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	on the system. <i>(Paragraph 130)</i>			<p>The Guide to the Project Cycle, as well as the updated e-learnings (Project Budget Holder and Project Cycle Fundamentals courses), address the issue of quality of data upload, and include guidance on the requirement of documents to be saved in the system.</p> <p>With promulgation of the Data Protection Policy, a communications initiative was launched, sensitizing all units of FAO. The Data Protection Policy establishes guidance and processes to ensure integrity and accuracy of data/information. The development of training modules will start in 2022 and continue in 2023 under the Data Protection Unit.</p>	
Procurement					
19.	A review may be carried out, of all cases where actual quantity received was short of net ordered quantity. GRMS may be updated to reflect the correct position wherever quantity ordered has undergone a change post ordering. <i>(Paragraph 136)</i>	2022	CSLP	CSLP as a policy owner will continue to ensure guidance and support to the Decentralized Offices to prevent such gaps and shortcomings, thus enhancing the capacity of the Decentralized Offices in the successful implementation of the revised Manual Section 502, decentralization of the procurement function and effective application of the increased	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>Delegation of Authority by the respective Decentralized Offices.</p> <p>As a first step towards implementation of the above, International Procurement Officers (IPOs) have been deployed in each of the FAO Regional Offices. The regional IPOs will be key players in ensuring a streamlined approach leading to further efficiencies, enhanced internal controls and capacity development of the Country Offices under their oversight.</p> <p>CSLP plans include raising awareness on the importance of reflecting correct quantities in Purchase Orders.</p>	
20.	FAO may ensure that information in GRMS regarding amount invoiced is aligned to quantity received and not to quantity ordered in all cases, for ensuring correctness of information, and also for providing an added checkpoint for ensuring correctness of payments. <i>(Paragraph 137)</i>	2022	CSLP	<p>CSLP will raise awareness and communicate to all Budget Holders in headquarters and Decentralized Offices, to recall and emphasize the importance of entering the receipt in GRMS to reflect the actual delivered quantity versus the PO quantity.</p> <p>The regional IPOs Network will be fully involved in the process to ensure strengthened capacity and awareness.</p>	Under Implementation
21.	All open Purchase Orders where due dates of delivery	2022	CSLP	As a first step, IPOs have been deployed in each of the FAO Regional	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	have been exceeded may be reviewed and liquidated damages may be imposed wherever applicable. <i>(Paragraph 139)</i>			<p>Offices. The regional IPOs will be key players in ensuring a streamlined approach leading to further efficiencies, enhanced internal controls and capacity development of the Country Offices under their oversight.</p> <p>CSLP is working closely with the Network of Regional Procurement Officers to ensure liquidated damages are imposed as appropriate. To further strengthen internal controls and accountability, CSLP has undertaken an exercise to revise the standard job descriptions of its IPOs and Terms of Reference for NSHR Procurement Experts.</p>	
Internal Control Measures					
25.	FAO to strengthen internal controls for ensuring greater accountability and better compliance to embedded control procedures for safeguarding FAO assets and property, ensuring accuracy in reporting on status of internal control, and for ensuring correctness of payments to consultants, suppliers and	As part of ongoing work	OSP	<p>Continuous efforts are being made to strengthen internal controls in the Organization, which includes risk identification and defining actions to reduce the Organization's exposure to potential risks and reduce the likelihood that those risks will recur. Efforts have also been made to increase knowledge and awareness on risk management and internal control reporting by conducting numerous briefings to headquarters Divisions</p>	Implemented

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	service providers. (Paragraph 153)			<p>and Decentralized Offices. In the instructions and briefings, the Office of Strategy Programme and Budget (OSP) has emphasized that the responses to the Internal Control Questionnaire (ICQ) should be carefully considered to reflect the reality. In addition, OSP has provided additional training to the validators to improve the quality and objectivity of the responses.</p> <p>As part of the Internal Control Framework, the Business Owners have overall responsibility for designing and implementing effective internal controls. The questions in the ICQ are based on risks identified by relevant Business Owners so that an office can assess whether internal controls are being applied. The responses received through the ICQ and the Statement of Internal Control provide inputs to the Business Owners in the identification of internal control weaknesses, improvements to business processes and oversight. As a result, some Business Owners are providing capacity building and have improved dashboard information for monitoring purposes.</p>	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>Guidance on Remuneration for Consultants, Subscribers to Personal Services Agreements (PSAs) and other affiliated personnel is clearly outlined in the respective Human Resources (HR) Manual Sections (MS 317, MS 319). In addition to the respective Manual Sections there is a <u>Corporate Framework on the employment of Consultants</u> (MS 317) and Subscribers (MS 319) that provides detailed guidance on the application of the respective Manual Sections. The Guideline outlines how to determine the appropriate Non Staff Human Resources (NSHR) category and provides the maximum daily rates for each category. The actual management and governance of contracts and payments is decentralized, and it is the responsibility of the hiring manager, approving authority and the SSC/finance teams to ensure that the guidelines are properly applied and that payments are in accordance with the guidelines and contracted rates. The Human Resources Division (CSH), in coordination with the SSC and the Regional HR Officers, will continue to provide training and guidance to offices to ensure that they are aware of relevant resources and</p>	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>guidance and are properly applying this guidance.</p> <p>The Logistics Services Division (CSL) has collaborated closely with OSP to review and revise both Fraud Prevention Plans (FPPs) and ICQs to ensure compliance with the governing policies and processes under oversight of the CSL (procurement of goods and services, travel, facilities management).</p> <p>CSL continuously ensures quality guidance and support to the Decentralized Offices, focusing on strengthened controls. This was addressed in particular with the revision of MS 502, and deployment of the IPOs close to operations.</p> <p>To enhance internal controls and monitoring of Back to Office Reports (BTORs), CSLD-Travel Unit is currently working on a Business Change Request (BCR) for a BTOR reminder in GRMS for which requirements are currently under discussion.</p>	

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26.	Replenishment of petty cash may be done timely and unannounced cash counts be conducted every month to check the existence of cash in the possession of the custodian at any point of time. Authorized amount of Petty Cash in decentralized offices may be reviewed based on utilization. (<i>Paragraph 158</i>)	2022	CSF	This exercise has been planned for Q3 2022. The outposted officers will contact a selected number of high risk countries and request cash counts as at 30 September or 31 October 2022.	Under Implementation
Human Resource Management					
28.	There should be sustained efforts at filling up vacant positions in a competitive and time-bound manner, while ensuring transparency in the process of selection. Training plans may be prepared based on identification of skill gaps and training needs; a system of evaluating impact of training may be instituted. (<i>Paragraph 174</i>)	2022 (CSHR) 2023 (CSHL)	CSH	CSH continues to look at ways to streamline and bring about efficiencies to the recruitment process while ensuring that the selection process is conducted in a fair and transparent manner. The CSH strategic plan supports the ongoing development of strategic partnerships and projects, as well as the needs of technical and non-technical functions, with a focus on a merit-based process that considers the career development of internal candidates and which factors in talent mobility and diversity. As part of a consolidated corporate learning framework, CSH is in the process of developing guidance for organizational units in consultation	Under Implementation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			<p>with relevant stakeholders on the implementation of the annual staff development plan based on skill gaps and training needs and a systematic approach to the evaluation of the impact of staff learning and training activities taking into consideration the practices established by other UN agencies.</p> <p>As a first step towards the implementation of the above, a benchmarking exercise was carried out with other UN entities to review staff development strategies, policies and practices. CSH also organized a series of focus group meetings with FAO training focal points and other relevant stakeholders followed by an online survey launched to all training focal points to further examine FAO's staff development planning process.</p> <p>CSH has also developed and published a practical guide to training evaluation to enhance FAO's practices in evaluating training initiatives and assessing the value of training including roles and responsibilities, a four level system of evaluation and its application, and relevant examples.</p>	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Performance Review on Regional Initiative to End Hunger in Africa by 2025					
29.	<p>FAO may consider: (a) devising a suitable quantitative metric in regard to the 'mainstreaming of zero hunger', in the context of its commitment to 'Mainstreaming of Zero Hunger in FAO's work at country and regional levels' (b) suitably reviewing the ratio of projects, contributing to the 'mainstreaming of zero hunger', in the overall portfolio of projects, which are operational in the African Region, as well as in the focus countries, in the context of the metric so devised. (c) the Organization may direct resource mobilization efforts towards projects that contribute to mainstreaming hunger in its work at Country and Regional levels; and (d) consider ways of enhancing policy approaches to position itself better for bringing in</p>	2023	RAF-ADG	<p>Management recommends closure of this recommendation based on response below</p> <p>a) The Regional Initiative (RI1) is not a stand-alone programme/project but rather a delivery mechanism. It aims to achieve mainstreaming of hunger principally at the policy and strategic level. In this respect, a more appropriate measure would be the food security and nutrition (FSN) policy processes that FAO has provided support for or contributed to, at the country and/or regional levels; and/or the number of countries that have mainstreamed Zero Hunger in their strategic documents and policy frameworks relative to all countries that committed to the Malabo declaration.</p> <p>In fact, FAO already uses a number of policy processes to measure the mainstreaming of Zero Hunger in strategic and policy documents</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	desired changes at policy level. (Paragraph 198)			<p>relating to food and agriculture at country and regional levels.</p> <p>b) Nearly all that FAO did, in terms of its other four Strategic Objectives (besides SO1), also contributed towards the objective of 'Zero Hunger'; although only SO1 had 'eradication of hunger' as its direct objective, there was no established "threshold ratio", which would determine its suitability or adequacy relative to other equally relevant SOs or development priority areas.</p> <p>c) Resource mobilization for projects is done at country level and project funding depends on the area of interest of the Resource Partner. This is beyond the control of the FAO Country Office unless it is a specific project to be funded by the Technical Cooperation Programme (TCP), which should be considered as seed funding.</p> <p>d) Management appreciates this recommendation and acknowledges the fact that it could achieve more desired changes, should it be able to increase and strengthen capacities to support policy implementation and</p>	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				analysis at regional, sub-regional and country levels.	
30.	<p>FAO may review the targets and indicators for assessing the contribution of results in the Africa region to FAO corporate output targets, for ensuring that its performance vis-à-vis these targets better reflect overall progress in achievement of outcomes under SO1 and the food security outcomes in the Africa region, in the context of its global goal of 'reduction of the absolute number of people suffering from hunger' (linked to RI1). (<i>Paragraph 204</i>)</p>	2023	RAF-ADG	<p>FAO Outcome indicators measure whether countries have made the necessary changes and established the required capacities to achieve the Strategic Objectives (SO1 and others), in areas under FAO's mandate; FAO uses them to assess its contribution and to increase the focus of its support where needed.</p> <p>Outcome indicators also reflect changes in the global enabling environment, for example, through the development of policy frameworks, international norms and standards.</p> <p>Changes in Outcome indicators are the result of policies and programmes implemented by several stakeholders (FAO, Member countries, Regional Economic Communities, and development partners). Those changes or any progress reported cannot be attributed to FAO's work alone. In fact, FAO uses "Corporate Assessments" which are validated by its Members, to measure its contribution to Outcomes.</p>	Under Implementation

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				Furthermore, there are other factors that undermine the efforts of FAO, Members, and partners to reduce the absolute number of people suffering from hunger, despite the welcome changes in policy processes that have been achieved. Over the years, the main causes of the increasing number of food-insecure people in Africa are a combination of unstable food markets and commodity prices, economic slowdowns and downturns, climate shocks (variability and extremes), natural disasters (severe droughts and floods), persistent political instability, conflicts and other forms of violence. These are reported in various editions of the Regional Overview of Food Security and Nutrition (2018, 2019, and 2020).	
31.	The Organization may strengthen the process of consolidated stock-taking/assessment of its projects, relating to hunger eradication efforts, which have been in operation in the focus countries, during the period 2014 to 2020, in order to identify gaps and define priorities in this regard, for the	2022	RAF-ADG	<p>Management recommends closure of this recommendation based on response below</p> <p>FAO achievements are usually not reported by project at the corporate level. We would suggest that a more useful analysis could be to review the countries that reported results (that were validated) and counted as part of the progress towards reaching the SO1 Output targets in the 2014-15,</p>	Pending validation

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	remaining period of this Regional Initiative, as well as for assessing the impact and outcome of these projects. <i>(Paragraph 208)</i>			2016-17 and 2018-19 biennia, and then for each country, review the number of projects linked to SO1 and their budgets and expenditures during that period.	
Project Planning, Monitoring and Evaluation					
34.	FAO may review the list of Special Attention Countries for taking up TCPs, and direct resource mobilisation efforts for taking up greater number of Trust Fund projects in disadvantaged countries. <i>(Paragraph 273)</i>	2023	DDG-Bechdol/PSS/PSR	<p>Implemented pending EAUD validation</p> <p>For TCP the recommendation has been implemented. A new set of criteria has been approved by the 166th session of the Council guiding resource allocation decisions. These criteria assess the needs of countries in terms of prevalence of undernourishment, poverty, inequality, vulnerability to climate change and degradation of biodiversity, while underlining universality and special attention to Least Developed Countries (LDCs) and Small Island Developing States (SIDS) in accessing FAO services</p> <p>FAO continues to give priority to the UN categories of Special Attention Countries for TF. This has been confirmed in the new SF, special attention is accorded to LDCs, Low-</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>Income Food-Deficit Countries (LIFDC), Land-Locked Developing Countries (LLDCs) and SIDS, and also to Lower Middle-Income countries with high incidence of poverty and food insecurity. These countries are trackable in corporate systems, and consideration will be given to include specific Integrated Management Information System (iMIS) views related to results, achieved with FAO contribution, resources mobilized and delivery.</p> <p>It is the Strategic Framework that will drive the formulation of trust funds and Special Attention Countries are well identified. This is also embedded in FAO's way of working and cannot be implemented through the project cycle manual, which focuses on processes rather than substance. Also, Trust Funds (TFs) are largely driven by donor priorities.</p>	
35.	FAO may monitor the formulation of Country Programming Framework (CPF) where the CPFs have either not been formulated or have expired. It may also be ensured that CPFs are evaluated with reference to the	As part of ongoing work	OSP	<p>Implemented pending EAUD validation</p> <p>The tools for monitoring the status of CPFs are being strengthened. OSP has in place a dataset and a dashboard of CPF cycle and its formulation progress along with UN Sustainable Development Cooperation Framework</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	priorities envisaged by the respective countries. (Paragraph 277)			<p>(UNSDCF) as CPF must be duly derived from UNSDCF process. This dataset is being updated on a monthly basis based on the UN Development Coordination Office (DCO) dashboard and inputs from CPF focal-points from Regional Offices.</p> <p>Regarding CPF evaluations, as per the “Indicative rolling work plan of evaluations 2021-2023”, the Organization continues conducting evaluations of FAO’s contributions at national level for the Organization’s accountability to the country and for advising the Organization and the country in the formulation of CPFs and their implementation.</p> <p>The plan for country evaluations is developed in consultation with the Regional and Country Offices. In principle, countries in the penultimate year of CPF implementation are selected. Other factors considered during the consultations include: the strategic importance of the programme in the view of the Regional Office, country programmes that are under-evaluated; programmes in the countries with high needs of FAO support; and the usefulness of evaluation as an input to the</p>	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				development of a new strategic direction for the programme, such as in countries with new government administration or countries developing the system-wide UNSDCF.	
36.	FAO may strengthen the FPMIS tool “Field Programme Support Network (FPSN) pipeline monitoring” to ensure yearly monitoring and review of pipeline projects and improve guidance on pipeline management by requesting project formulators and Budget Holders to review and update pipeline projects status in regular intervals for ensuring that these projects are still under active formulation. <i>(Paragraph 281)</i>	As part of ongoing work	PSS	Implemented pending EAUD validation FPMIS includes a tool called “FPSN pipeline monitoring” and yearly monitoring and review are set up on a Corporate basis. The guidance on the pipeline monitoring for project formulators has been strengthened in the Guide to the Project Cycle, including the reminder to formulators in the Phase 1 to review every six months the projects in pipeline under their responsibility (with the support of the FPMIS FPSN tool).	Pending validation
37.	(a) The new Project Lifecycle Management System (PROMYS) that is targeted to be rolled out by end 2022, has the functionality for uploading Log Frame Matrix (LFM) and Work Plans (b) The LFM and Work Plans may be redesigned to make them user friendly without compromising on the	2023	OSP	These recommendations will be considered in the context of the design and implementation of the new PROMYS system.	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	information/content required for efficient project monitoring. (c) Insertion of LFM and Work Plan in the ERP should be made mandatory for projects above USD 500 000 to enhance accountability and improve monitoring. <i>(Paragraph 285)</i>				
38.	<p>(a) Corporate monitoring of performance of the BHs be strengthened for ensuring that project deliveries are within the approved/revised budget and cash received and there is timely adjustment of unspent cash balances; and</p> <p>(b) Validation checks should be embedded in the ERP to disallow project deliveries to exceed the budget and cash received (with exceptions for cases that are governed by specific funding arrangements as in cases of United States Agency for International Development (USAID) and European Union (EU) funded projects). <i>(Paragraph 289)</i></p>	2023	PSS/CSF	These recommendations will be considered in the context of the design and implementation of the new PROMYS system.	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
39.	FAO may (a) incorporate a validation check in ERP whereby Funding Liaison Officers (FLOs) would be required to certify on the system that reallocations are as per funding agreement and has the approval of donors. (b) Establish a threshold beyond which reallocations between budget lines would require corporate monitoring and approval. <i>(Paragraph 295)</i>	2023	PSS/PSR	These recommendations will be considered in the context of the design and implementation of the new PROMYS system.	Under Implementation
40.	To enhance the effectiveness of FPSN monitoring and ensure timely remedial action from an operational perspective: (a) The upcoming ERP may have the provision to link delivery/expenditure with budget instead of with cash received, for correctly flagging low delivery projects. (b) The stipulation of the project remaining in the defined condition for 30 days may also be reviewed. (c) All projects, excluding those for which last tranche of fund is to be received after its	2023	OSP/PSS/CSF	These recommendations will be considered in the context of the design and implementation of the new PROMYS system.	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	completion, may be flagged for priority action as soon as expenditure exceeds 80 per cent of cash received. (Paragraph 299)				
41.	FAO may consider evolving an enhanced monitoring mechanism to reduce the time lag between the approval date and the actual commencement of projects. (Paragraph 302)	2023	PSS	<p>FAO will consider an enhanced monitoring mechanism in the new PROMYS.</p> <p>The issue of time lag between approval and start of implementation depends on factors that are outside FAO's control (for example, the signature of project agreements by recipient governments).</p>	Under Implementation
42.	Appropriate risk-analysis regarding project implementation be undertaken and specialized trainings on Project Cycle to field personnel be imparted for improving coordination with host governments and donors. (Paragraph 307)	2022	PSS	<p>Implemented pending EAUD validation</p> <p>PSS provides training on project cycle management on a regular basis.</p> <p>In June 2022 PSS completed the updating of the e-learning on Project Budget Holders (available to all FAO staff through you@fao). In August 2022, PSS completed the updating of the Project Cycle Fundamentals course in four modules [Identification, Formulation, Appraisal and Approval, Implementation & Monitoring,</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<i>Evaluation and Closure</i>], and it is available to all FAO staff through you@fao.	
43.	FAO may ensure that a robust module for monitoring achievement of milestones vis-à-vis targets be incorporated in PROMYS for facilitating corporate monitoring of project implementation. (Paragraph 309)	2023	OSP/PSS	This recommendation will be considered in the context of the design and implementation of the new PROMYS system.	Under Implementation
44.	(a) An active monitoring framework may be established at corporate level to ensure timely operational and financial closure of projects. (b) The main reasons for delays be regularly analysed and reported. (c) It may be ensured that PROMYS has adequate MIS features for facilitating periodic review of project closure by focal points in Headquarters and by senior management. (Paragraph 313)	2023	OSP/PSS	These recommendations will be considered in the context of the design and implementation of the new PROMYS system. Regarding b) PSS now maintains a database concerning projects' related FPSN conditions, and comments from BHs on issues faced and potential steps toward resolution. This information is analysed and shared in periodic reports with BHs and Senior Management.	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
45.	<p>FAO may:</p> <p>(a) Strengthen corporate monitoring of submission of Progress Reports to ensure that projects are progressing as envisaged.</p> <p>(b) Ensure uploading of progress reports in the new ERP, PROMYS be made mandatory.</p> <p>(c) Incorporate MIS feature in PROMYS for generating periodic reports on status of submission of progress reports by Budget Holders.</p> <p>A framework of monitoring by Corporate Management may be instituted for carrying out periodic review of progress of projects. <i>(Paragraph 316)</i></p>	2023	PSS/OSP	<p>These recommendations will be considered in the context of the design and implementation of the new PROMYS system.</p> <p>The FPMIS module already includes a “reports” tab for the uploading of progress and terminal reports in the system.</p>	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
46.	The due date of submission of terminal reports as per funding agreements should mandatorily be entered on the ERP for each project and should form part of basic information required to be entered prior to commencement of project activities. There should be active monitoring of submission of terminal reports as stipulated in the extant instructions related to project closure. <i>(Paragraph 319)</i>	2023	PSS/PSR	This recommendation will be considered in the context of the design and implementation of the new PROMYS system.	Under Implementation
47.	<p>b) An institutional mechanism for documenting and archiving lessons learned from completed projects, based on evaluation reports, may be introduced for facilitating this information to be used in future programming decisions;</p> <p>c) As the organization undertakes large number of projects below USD 4 000 000, a suitable mechanism may be devised for undertaking their evaluation/impact assessment. We recommend and</p>	To be decided based on FAO's internal consultation 2022	OED	<p>Re b): The following actions have been carried out by OED to respond to this recommendation:</p> <ul style="list-style-type: none"> • developing a new website which will allow for better access to evaluative evidence • Syntheses of past evaluations produced and disseminated with relevant stakeholders • Decentralization of evaluation and funding of five Regional Evaluation Specialists mandated to increase the use of evaluation results in their region. 	Implemented

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
<p>Management agreed that all project managers may be encouraged to enhance their Monitoring and Evaluation (M&E) system and undertake impact assessments, for enhanced learning and result-based management.</p> <p><i>(Paragraph 324)</i></p>			<p>Re c): Evaluation of projects under USD 4 million does not fall under the evaluation policy, except when requested by the donor (e.g. Global Environment Facility (GEF)). Projects under USD 4 million contribute to the evaluation pool fund which is used to conduct synthesis, country programme evaluations, thematic evaluations and impact evaluations. These projects are not subject to a separate evaluation but can be covered under one of these evaluative modalities.</p> <p>We agree that it would be useful to have impact assessments for small projects as well, however the Office of Evaluation (OED) cannot commit to undertake evaluations of projects under USD 4 million, not only because it is not in the Organization's policy, but also because OED would not have the human resource capacities. Donors may also not be willing to put the necessary resources.</p> <p>Projects below USD 4 million are evaluated using a cluster or programme approach. They contribute to the Evaluation Trust Fund and a certain number of them are covered through thematic, strategic and Country Programme Evaluations.</p>	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>Resilience and emergency projects are clustered by type of crisis as they are part of a collective response to natural and/or humanitarian crisis in the context of consolidated appeals or a component of FAO country programme framework (e.g. locust response, El Nino response, Lake Chad crisis, etc.).</p> <p>However, Management agrees that all project managers should be encouraged to enhance their M&E system and include more analysis of the results, such as impact assessments, for increased learning and result-based management.</p>	
MERITS ATTENTION					

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Compliance Audit at FAO Headquarters					
Concessionaire Services					
12.	Management may introduce service level agreements with clearly defined performance indicators into the new contracts of concessionaires in order to bolster the contractual framework. (<i>Paragraph 114</i>)	2021	CSLI	CSL has successfully implemented this recommendation with the conclusion of the first new concessionaire contract after the issuance of the EAUD recommendation in 2021. The contract for Online duty and tax free Commissary services was concluded on 19 January 2022 and entered into effect on 4 February 2022. Appendix C to Annex I of the Contract contains a detailed SLA with performance indicators that will measure contractor's performance against the requirements spelled out in the tender ToRs and in the Technical proposal of the selected contractor. CSLI will invariably include SLAs in all future concessionaire contracts.	Implemented
Governance Issues					
15.	FAO may continue to review the pending accepted actions on recommendations periodically at an appropriate level and implement these in a	As part of ongoing work	OIG/DDCT	Implemented pending EAUD validation Between January 2021 and August 2022, nearly 50 percent of the 480 Agreed Actions outstanding as of December 2020 were closed and most	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	time bound manner. (Paragraph 123)			<p>of the remaining AAs are scheduled to be implemented by end 2022. Further attention is being placed on ensuring the timely implementation of the Agreed Actions issued.</p> <p>Measures in place include:</p> <ul style="list-style-type: none"> • <i>Periodic follow-ups at Senior Management level</i> (Senior Leadership Team, and ADGs/RRs) and with focal points in all locations to alert to status and trigger action. • <i>Dedicated attention to long-outstanding recommendations</i> ensuring issues be addressed in a holistic, sustainable way and integrated into ongoing processes/ business improvement initiatives. • <i>Dedicated Regional Office</i> attention to ensure support to Country Offices in implementing Agreed Actions and promote, in collaboration with business owners, exchange of good practices with other regions, adoption of solutions addressing detected systemic control weaknesses (e.g. through an interregional network of Internal Control and Compliance focal 	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>points); specific guidance on support arrangements (September 2022).</p> <ul style="list-style-type: none"> • <i>Further improvements of systems/tools for improved managerial oversight:</i> (i) use of system triggers to systematically alert action owners to due dates/reporting requirements; (ii) upgrades of the dashboard (by source, business processes, locations) to facilitate oversight; creation of specific reports for easier follow-up in areas requiring attention (such as those longer outstanding/high risk or priority). 	
Procurement					
18.	<p>A system of quarterly review of annual procurement plans be introduced in field offices to facilitate evaluation of progress of procurement against planned milestones. Procurement plans may be updated to ensure that it remains a live document reflecting changing procurement requirements. Project teams may be alerted on the importance of timely</p>	2022	CSLP	<p>Implemented pending EAUD validation</p> <p>A new functionality has been added in the Procurement Planning platform to allow the Decentralized Offices to monitor and evaluate progress of the procurement activity against planned milestone.</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	submission of procurement plans. <i>(Paragraph 134)</i>				
22.	Services received may also be updated in GRMS immediately on receipt of certification from contract manager and prior to release of payment for ensuring that end-to-end position of procurement action in respect of services is reflected in the system. <i>(Paragraph 140)</i>	2022	CSLP	<p>As a first step, IPOs have been deployed in each of the FAO Regional Offices. The regional IPOs will be key players in ensuring a streamlined approach leading to further efficiencies, enhanced internal controls and capacity development of the Country Offices under the Regional Office oversight.</p> <p>As part of this process, regional IPOs will ensure a streamlining of the verification of the receipt for services to match the receiving action for goods.</p> <p>CSLP is reviewing options to work around the system limitations in order to find a solution which will enable a proper update of progress of service deliveries.</p> <p>The recommendation will be implemented fully by 31 December 2022.</p>	Under Implementation
23.	Where acquisitions are not required to have Purchase Requisition (PR) numbers, the field of PR number may be	2022	CSLP	Various options are being considered by CSLP to address issues raised	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	populated with information like "Not applicable", "Not required", etc. instead of leaving it unpopulated, to provide an assurance that the prescribed workflow has been complied with. <i>(Paragraph 141)</i>			<p>relating to acquisitions which do not require PRs.</p> <p>As a first step, IPOs have been deployed in each of the FAO Regional Offices. The regional IPOs will be key players in ensuring a streamlined approach leading to further efficiencies, enhanced internal controls and capacity development of the Country Office under the Regional Office oversight.</p> <p>As part of the process, the regional IPO will ensure a streamlined approach and an adequate audit trail is maintained throughout the Procure-to-Pay cycle.</p>	
24.	Security instruments may be consistently obtained from vendors and documented in high value procurements to secure the interests of the organization. <i>(Paragraph 143)</i>	2022	CSLP	<p>As a first step, IPOs have been deployed in each of the FAO Regional Offices. The regional IPOs will be key players in ensuring a streamlined approach leading to further efficiencies, enhanced internal controls and capacity development of the Country Office under the Regional Office oversight.</p> <p>As part of the process, special attention will be given to ensuring a streamlined approach with regards to consistency in managing the security</p>	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>instruments and relevant documents for high-value procurement actions in emergency operations (L3).</p> <p>CSLP will undertake an exercise to raise awareness and strengthen the capacity of the buyers at the Decentralized Offices level with regards to the importance of security instruments in high-value procurement cases, wherever feasible. In cases where it is not feasible, the buyers will be requested to provide justification as part of the audit trail. The regional IPO network will be leveraged to facilitate this exercise.</p>	
Internal Control Measures					
27.	<p>The established policy on settlement of advances and the eventual recovery after default must be followed stringently and periodic monitoring of travel and other prepayments may be carried out. (Paragraph 161)</p>	May 2022	CSLC	<p>Implemented pending EAUD validation</p> <p>The Organization has a robust recovery mechanism in place. GRMS sends TEC reminders via email one week after the mission end date and they are sent every 10 days thereafter, until the TEC has reached the SSC Travel Unit. If a TEC is not submitted after 90 days the advance is recovered from the SM/CST salary/honorarium.</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				The recovery process involves very close co-operation with the SSC Payroll Team on the monitoring of outstanding advances. A monthly recovery list is prepared and sent by the Payroll Team for both staff members and the NSHR and following verification of the list by the Travel Team, the finalized document is sent back to Payroll to take action on the recoveries.	
Management Matters					
Regional Initiative to End Hunger in Africa by 2025					
32.	The Organization may consider the feasibility of creating a dedicated functionality/link, within any of its existing ERP systems, for monitoring, evaluation and reporting of programmes and projects, related to the 'Regional Initiative to End Hunger in Africa by 2025', to enable access to consolidated and ready information in regard to the Regional Initiative (RI) to various	2022	CSI	<p>Management recommends closure of this recommendation based on response below</p> <p>Given the overlap of RI1 and SO1, the recommended approach would be to treat RI1 as an integrated component of SO1, for which functionality is available in the existing ERP systems, that enables access to consolidated and ready information.</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	internal stakeholders. (Paragraph 213)				
Project Planning, Monitoring and Evaluation					
47.	a) Better compliance to the criteria set for mid-term evaluation, separate final evaluation and submission of management response may be ensured. (Paragraph 324)	As part of ongoing work	OED	OED has a monitoring system to keep track of all evaluations and management responses, and follows up regularly with budget holders in case of non-compliance. Mid-term evaluations are no longer under OED responsibility and are not tracked by OED.	Implemented
48.	The provision for reporting status of implementation of the actions to be taken in response to OED's observations and recommendations may be incorporated in PROMYS. Corporate monitoring of follow-up action on recommendations/issues highlighted in evaluation reports may be strengthened. (Paragraph 327)	2023	OSP	The recommendations will be taken into consideration when defining user requirements for PROMYS.	Under Implementation

Long Form Report 2019

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
FUNDAMENTAL				
Financial Matters				
Shared Service Centre				
5.	2022	CSLC/CSH	<p>Staffing proposals have been endorsed and agreed by relevant offices</p> <p>Implementation has commenced in early 2022 and will address the issue of under grading in all areas. Professional capacity and staff retention will be strengthened with the establishment and upgrading of a number of national officer positions.</p>	Implemented
10.	2021	CSH	<p>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 this matter before finalizing required guidelines. The expected timeframe for implementation is 31 December 2022.</p>	Under Implementation
Review of resource mobilization function				
13.	2023	PSR/OSP	The 42nd Session of the FAO Conference adopted the Strategic	Under Implementation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
<p>Organization's current operating reality to further strengthen the resource mobilization governance arrangements and align related activities across all organizational levels. (<i>Paragraph 113</i>)</p>			<p>Framework 2022-31 that guides the Organization's work starting with the next 4-year MTP 2022-25, including the elaboration of 20 corporate Programme Priority Areas (PPAs) under the <i>four betters</i>. The development of revised resource mobilization (RM) guidelines aligned with the SF is being considered as an essential component of its implementation.</p> <p>Consultations have already started between PSR and OSP. The idea is to harvest the knowledge and lessons learned through past resource mobilization initiatives, and to develop a corporate RM action plan that leverages the SF Strategic Narrative, the <i>four betters</i> and the 20 PPAs. 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.</p>	
14. Enhance its resource mobilization strategy management system to	2023	PSR	<p>Agreed with actions as follows:</p> <p>a) A new corporate RM guideline will include an overarching 4-year work</p>	Under Implementation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
<p>achieve better synergy and coordination by:</p> <p>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</p> <p>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. <i>(Paragraph 119)</i></p>			<p>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.</p> <p>Roles and responsibilities will be reviewed organization-wide in line with the RM guidelines 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.</p> <p>b) In full support of the UN reform process, the new RM guidelines will aim to strengthen resource mobilization at the decentralized level, and importantly as part of the UNCT and in support of the UNSDCF. 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.</p>	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>The need for harmonized outreach has been underlined through the corporate-wide exercise in response to COVID-19, where PSR is leading a coordinated appeal under the supervision 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.</p> <p>Formalizing a corporate RM Coordination Mechanism/Task Force (including the regions), will help to govern key RM priorities, in line with the Programme Priority 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.</p>	
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	2021	OED	<p>A first draft of the Policy has been developed.</p> <p>Consultations are currently taking place with stakeholders in headquarters as well as Regional, Subregional, and</p>	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	policy support and further clarify its accountabilities. <i>(Paragraph 175)</i>			Country offices, and are scheduled to end before Spring 2023. These include in-person consultations across regions. The policy is scheduled to be presented to the Governing Bodies in 2023.	
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 preserve the interest of the Organization. <i>(Paragraph 182)</i>	2021	OED	The first draft of the new Evaluation Policy includes provision to strengthen independence of the Office. Consultation is ongoing.	Under Implementation
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. <i>(Paragraph 189)</i>	2021	OED	This work is ongoing and informing the revised Evaluation Policy. As of 7 July 2022, hiring authority has been delegated by ODG to the Director of Evaluation to match the authority of the OIG Director.	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
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. (<i>Paragraph 195</i>)	2021	OED	This work is ongoing and, with the recent arrival of a new Director of OED, the new strategy will be completed in 2022.	Under Implementation
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	2021	OED	This work is ongoing and, with the recent arrival of a new Director of OED, the new strategy will be completed in 2022.	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	undertaken for deviations, as necessary. <i>(Paragraph 200)</i>				
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 management of its fraud vulnerabilities. <i>(Paragraph 221)</i>	2021	OSP	Work is in progress to consolidate the relevant policies in a comprehensive Risk Management policy framework encapsulating all key elements and related policies to allow a more integrated approach to fraud risk vulnerabilities management within the overall risk management framework. This work is undertaken in collaboration with key stakeholders, including OIG, CSH, LEG, Ethics Office and other relevant units.	Under Implementation
31.	Facilitate preparation of the Code of Conduct to concretize and consolidate the ethical expectations from its staff. <i>(Paragraph 225)</i>	2021	ETH	Code of Ethical Conduct published in July 2021.	Implemented
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	2021	OSP	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	Implemented

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
<p>identification of better fraud risk statements and mitigating actions; and</p> <p>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. <i>(Paragraph 230)</i></p>			<p>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.</p>	
<p>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. <i>(Paragraph 253)</i></p>	2021	OIG	<p>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.</p> <p>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.</p> <p>Following the establishment in 2020 of an additional Investigator position at P-4 level, the Director-General approved for</p>	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				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, 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. <i>(Paragraph 299)</i>	2021	DDCT/ Business Owners	From 2020 to date, FAO continued to strengthen the overall internal control environment, including supervisory/monitoring controls over critical business processes (Procurement, Finance, Assets, HR and Travel). Example of key actions/areas: <i>Internal reorganization/adaptation</i> (central units/Decentralized Offices [DOs]) for improved	Implemented

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			<p>oversight/support, e.g.: (i) <i>for procurement (CSLP) monitoring/ensuring that Offices with increased Delegation of Authority (DoA) meet training/Segregation of Duty (SoD) requirements; localized support through the expanded network of International Procurement Officers (including one for each Regional Office); (ii) for L3/surge support countries: setting up of a dedicated compliance support team in OER (October 2020); (iii) Regional and Subregional Offices' reorganization (by December 2022) and set of transformation measures defined for Country Offices (a comprehensive review of Decentralized Office business model approved by the Senior Leadership Team).</i></p> <p><i>Improving corporate procedures/guidance: e.g. (i) for national PSA/NPOs measures to strengthen efficiency/effectiveness/transparency in the selection process; (ii) rollout/adoption of a new online tool for procurement planning for Decentralized Offices facilitating planning and monitoring efforts (addressing an audit recommendation</i></p>	

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			<p>in this area);-(iii) ongoing initiative to improve SoD with support of a dedicated software (“Fastpath”), piloting currently ongoing with RLC region.</p> <p><i>Strengthening systems/monitoring tools</i> – 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 tool for Decentralized Office oversight (launch of “COMMIT” dashboard by end September 2022);</p> <p><i>Strengthening Decentralized Office capacities/skills</i> 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).</p> <p><i>Specific Regional Offices led initiatives</i> to ensure that systemic control gaps are addressed/monitored (e.g. <i>follow-up to audits</i>; set up of an interregional <i>network of Internal control and</i></p>	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p><i>compliance focal points</i>– as platform for dialogue in addressing critical control issues/strengthening oversight).</p> <p>In addition, following an assurance mapping exercise led by the Office of the Inspector General (review with Business Owners in critical administrative areas of existing oversight and monitoring responsibilities), action plans are under formulation to address gaps/weaknesses identified.</p>	
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. (<i>Paragraph 309</i>)	2021	OSP/DDCT/ CSH	<p>Implemented pending EAUD validation</p> <p>In addition to mandatory training, several awareness raising actions have been taken to ensure unit managers and staff are well aware of their role in preventing and detecting fraud. Further awareness raising activities are included in the consolidated ERM Action Plan, under finalisation, which also covers fraud risks.</p>	Pending validation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
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 recording of receipts of all goods and services received on or before the end of financial period <i>(Paragraph 35)</i>	2021	CSF	The year-end Accounts Closure Instructions include clear revised guidelines for Budget Holders. The Outstanding Advances report is also available on the Decentralized Office Monitoring Dashboard of the IMIS reporting tool to ensure monitoring and timely settlement of advances.	Implemented
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	2021	OSP/CSH	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	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	prepares/revises and roll-out a CPF training module based on the new CPF guidelines. <i>(Paragraph 50)</i>			<p>virtual workshops on 'Developing a Sound Theory of Change (ToC) in the context of the UNSDCF and derived FAO CPF'.</p> <p>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.</p>	
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. <i>(Paragraph 72)</i>	March 2023	CSLC	<p>Automation of operational advances and overtime is included in the ERP⁴ Programme of Work and will be concluded in the timeframe of the project.</p> <p>A solution will be developed and implemented in the invoices area to automate some of the processes, decrease the manual work and ensure a more efficient processing of</p>	Under Implementation

⁴ Enterprise resource planning

	Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				transactions. To be completed by end March 2023.	
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. <i>(Paragraph 73)</i>	March 2023	CSLC	<p>Analysis has been performed on the Operational Advances (OAs) raised by offices in 2019 to better understand the usage of 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.</p> <p>Progress in addressing this recommendation is as follows:</p> <ul style="list-style-type: none"> - Operational advances: Functional analysis has been completed to better understand the usage of Operational Advances (OA) and serve as a basis for establishing new procedures and guidelines. - Danger Pay: Ongoing with the design to be completed by March 2023. - Overtime Pay: The business requirements are being reviewed by Oracle to identify the best technical solution <p>The recommendation will be implemented by March 2023</p>	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
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 corresponding timelines to properly monitor its implementation and ensure its completion. <i>(Paragraph 79)</i>	2021	CSLC	A work plan for implementation of the vendor Data Quality Management (DQM) has been prepared and concrete activities are being performed within the framework of the ERP Programme of Work.	Implemented
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. <i>(Paragraph 97)</i>	2021	CSLC	CSH have updated the manual section which now foresees electronic submission and verification by HR Officers in the 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 guidance in setting	2021	PSR/OSP	PSR will not produce a corporate resource mobilization strategy but instead resource mobilization guidelines. In order to better capture FAO's corporate resource mobilization target,	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	expectations and in defining the expected results. <i>(Paragraph 125)</i>			PSR has during 2021 worked closely with OSP to better define and ensure that the corporate resource mobilization target is updated through the Programme of Work and Budget.	
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. <i>(Paragraph 131)</i>	2021	PSR	See Management Response to recommendation 15.	Implemented
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. <i>(Paragraph 142)</i>	2021	PSR	Since PSR will not produce a corporate resource mobilization strategy but instead resource mobilization guidelines, PSR developed in 2021 KPIs for its work as part of the corporate PWB reporting exercise.	Implemented
20.	Reflect on the current organizational RM roles and responsibilities and their interdependencies, deliver a clearer and better-defined RM	2023	PSR	The new Corporate Resource Mobilization guidelines should present a Resource Mobilization Internal Accountability Framework, clearly	Under Implementation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
<p>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. <i>(Paragraph 156)</i></p>			<p>stating RM roles and responsibilities at Country, Regional and headquarters levels.</p> <p>As stated in the response to recommendation 14, Roles and responsibilities will be reviewed organization-wide in line with the RM guidelines 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.</p>	
<p>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 effectiveness of work processes are enhanced. <i>(Paragraph 162)</i></p>	2023	PSR	<p>Based on the interim RM guidelines 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 will be built upon as the new corporate RM guidelines are designed.</p> <p>PSR relies on limited regular programme funding, which has remained largely constant for a decade, despite a doubling of both workload and resources mobilized. New RM guidelines will need to realistically consider the resources needed for its execution. Given the vital functions PSR</p>	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				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. <i>(Paragraph 170)</i>	2021	PSR/OSP	PSR will not produce a resource mobilization strategy and is instead monitoring, managing and reporting resource mobilization related risks through the corporate risk management exercise.	Implemented
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	2021	OED	Decentralization is now fully operational, with Regional Evaluation Specialists (RES) in each Regional Office. Countries are being supported by the RES for the management of decentralized project evaluations and receive capacity building.	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	implementation context to increase its chance for success and creating the needed change. <i>(Paragraph 207)</i>				
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. <i>(Paragraph 215)</i>	2021	OED	The OED Trust Fund Policy has been revised and is now available on the OED website.	Implemented
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	2021	ETH/CSH	a) An annual affirmation form for online submission is being reviewed following the full review of the annual disclosure programme completed in February 2022. Tentatively the form will be launched Q3 2022. b) FAO has partnered with OneHR (Bonn) to conduct reference checks for all new staff hires (IP, NO, GS) which includes employment history verification, verification of academic credentials, SEA clearances through	Under Implementation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
<p>source, nature and location to increase the fraud deterrence value of the recruitment process. (Paragraph 235)</p>			<p>the UN SEA/SH database, Interpol Red Notices and the Security Council sanctions list. FAO began piloting this service in August 2022 with the objective of having it fully implemented by January 2023.</p> <p>Reference checks will be mandatory under the revised NSHR guidelines, which should be issued by 31 December 2022.</p>	
<p>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 expectations for more meaningful measurement of policy performance. (Paragraph 262)</p>	2021	OSP	<p>The consolidated ERM action plan, currently being finalised, will include relevant means to monitor progress.</p>	Under Implementation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment	
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. <i>(Paragraph 271)</i>	2021	OSP	<p>Implemented pending EAUD validation</p> <p>FAO is proceeding stepwise along the axis of the maturity model towards greater ERM maturity rather than using a big bang approach as its overall implementation strategy.</p>	Pending validation

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. <i>(Paragraph 69)</i>	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. The latest update on this matter was presented to the Finance Committee at its 191st Session in May 2022.	Under Implementation
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. <i>(Paragraph 87)</i>	2019-2020	CSLC	Implemented pending EAUD validation Software has been procured as well as the implementing partner and the project is under way.	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
12	<p>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 improving compliance of service requests and help in achieving efficient and effective process results. <i>(Paragraph 91)</i></p>	March 2023	CSLC	<p>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.</p> <p>The integrations with GRMS, i.e. combining data from GRMS and ServiceNow to produce better analytics, foreseen in the third phase of implementation will allow more powerful analytics to be built and trending reports to be easily shared with internal clients via a dashboard.</p> <p>Implementation of the third phase is foreseen for end 2022 after the ERP technical upgrade is completed.</p> <p>Areas of compliance cut 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</p>	Under Implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>mandate) to their respective clients and the stakeholders alike.</p> <p>In addition, the SSC has obtained the ISO 9001:2015 certification for 13 of its processes over the last 3 years and is continuously working on an extended ISO scope to get more and more processes certified every year. One of the key elements of the SSC's Quality Management System is the Corrective Action Procedure. It is practice to ensure sufficient corrective actions are taken against nonconforming outputs, customer complaints and any other non-conformance reported within the quality management system. Quality compliance is monitored through monthly reports</p> <p>This recommendation is expected to be implemented by December 2022.</p>	
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. <i>(Paragraph 92)</i>	December 2022	CSLC	<p>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).</p> <p>This recommendation is expected to be completed with the rollout of ServiceNow, by 31 December 2022.</p>	Under Implementation
Governance					

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Corporate Human Resource (HR) Management				
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. <i>(Paragraph 137)</i>	2019-2020	CSH	Workforce planning, ensuring the right skills are in place to deliver on FAO's mandate has been an integral part of the OSP led PWB strategic planning cycle, where budgets and positions are allocated in line with the evolving needs of the organization, to ensure delivery of results. The headquarters restructuring was completed in 2020. The Regional Office review and Country Offices transformation are in progress with the objective of implementing the recommendations in 2023. CSH is developing workforce planning guidance for Decentralized Offices and managers (foreseen to be available by end 2022), on how to develop HR plans in conjunction with the budget planning and/or project management cycles. The HR plans will provide guidance on how to plan for recruitment, mobility, learning, diversity, succession planning, upscaling/downscaling as necessary, to ensure the right skills are in place, to deliver on the mandate.	Under Implementation
24. Recruitment policies Strengthen its existing recruitment and selection policies, design effective processes and mechanisms and ensure that clear	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	Under Implementation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
<p>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. <i>(Paragraph 147)</i></p>			<p>the needs of both technical and non-technical divisions and offices with a target completion date of 31 December. Delays with the development of the policies are due to several factors including the ongoing COVID-19 response, the substantial number of reforms and priorities, and current shortage of available dedicated policy capacity in the HR team. The expected timeframe for implementation is December 2022</p>	
<p>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. <i>(Paragraph 155)</i></p>	<p>2019-2020</p>	<p>CSH</p>	<p>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.</p> <p>Delays with the development of the policies are due to several factors including the ongoing COVID response, the substantial number of reforms and priorities, and lack of dedicated policy capacity in the HR team. The revised guidelines are now among the priority actions for CSH, and should be completed in 2022.</p>	<p>Under Implementation</p>
<p>Control environment in decentralized offices</p>				
<p>Travel Management</p>				

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
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). (<i>Paragraph 205</i>)	2019-2020	CSL	<p>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 <i>vis-à-vis</i> 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.</p> <p>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.</p> <p>Management recommends that this recommendation be closed as part one (QTP) is redundant and part 2 has been fully implemented.</p>	Implemented

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. (<i>Paragraph 43</i>)	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
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 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. (<i>Paragraph 113</i>)	2018	CSLD	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 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.	Implemented

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment	
Operations of Representation Offices					
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. <i>(Paragraph 161)</i>	2023	CSF/SSC	<p>Currently FAO's internal stakeholders are assessing the need for the establishment of a dedicated logistics function, and designated Business and Policy ownership. This step will facilitate the roll out of the GRMS inventory module in a well-defined context, ensuring clear delineation of roles of responsibilities between the Business/Policy Owners and that of process owners.</p> <p>The new GRMS 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.</p>	Under Implementation