



منظمة الأغذية  
والزراعة  
للأمم المتحدة

联合国  
粮食及  
农业组织

Food  
and  
Agriculture  
Organization  
of  
the  
United  
Nations

Organisation  
des  
Nations  
Unies  
pour  
l'alimentation  
et  
l'agriculture

Organización  
de las  
Naciones  
Unidas  
para la  
Agricultura  
y la  
Alimentación

## FINANCE COMMITTEE

**Hundred and Thirteenth Session**

**Rome, 8 - 12 May 2006**

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

1. This Report is presented for discussion by the Finance Committee and summarizes the progress made by the Organization to implement the recommendations of the External Auditor, as set out in the 2002-2003 biennium long form audit report or as brought forward from previous biennia which had not been fully implemented at the time of the previous Session. This Report also includes information on the status of implementation of the recommendations of the Report of the External Auditor Review of Official Travel which was presented to the 110<sup>th</sup> Session of the Finance Committee in September 2005.

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LONG FORM REPORT				
External Auditor's Recommendation	Priority	External Auditor's Suggested Timetable	Action taken, status and time-frame for implementation	External Auditor's Comments
<b>FINANCIAL MATTERS</b>				
<b>Post trial balance adjustments</b>				
I recommend that the Organization should assess the possibilities of reducing post trial balance adjustments and, in the event of these adjustments becoming unavoidable, ensure that such adjustments are supported with a formal sign-off procedure.	Significant	Before closure of 2004-2005 accounts	The Organization is striving to reduce post trial balance adjustments to the minimum necessary and has taken steps to ensure that such adjustments are accompanied by a formal sign off.  Status: Completed	The matter will be examined during the audit of financial statements for the biennium 2004-2005.
<b>Cash and bank deposits</b>				
I recommend that the Organization should continue their efforts in bank reconciliation and settle the old unreconciled items in a time bound manner.	Merits Attention	Before closure of 2004-2005 accounts	Considerable effort has been given to following up and resolving old unreconciled items in 2004 and 2005. Resolution of reconciling items is an integral part of the bank reconciliation process which will continue on an on-going basis.  Status: Closed	The matter will be examined during the audit of financial statements for the biennium 2004-2005.

LONG FORM REPORT				
External Auditor's Recommendation	Priority	External Auditor's Suggested Timetable	Action taken, status and time-frame for implementation	External Auditor's Comments
<b>Accounts receivable and payable</b>				
I recommend that the Organization should take time bound steps to urgently adjust outstanding travel advances paid to consultants. Particular attention needs to be paid to the consultants, contracts with whom have expired.	Significant	Before closure of 2004-2005 accounts	<p>Monthly statements of accounts to consultants were issued for the period November and December 2005, and will continue to be issued regularly, in line with the comprehensive plan and strategies determined in the clean-up exercise of the prepayment account. An ongoing analysis is proceeding to investigate and clear past due amounts and to adjust balances in line with recommendations. Procedures and systems are being reviewed in particular to ensure strict adherence and timely response to consultant travel advances.</p> <p>Status: Issue of monthly statements has been implemented. Clean up operation ongoing as per comprehensive plan.</p> <p>Expected completion date: : Before closure of 2004-2005 Accounts.</p>	The matter will be examined during the audit of financial statements for the biennium 2004-2005.
I recommend that the Organization should work out a cost effective mechanism to monitor the clearing accounts under Accounts Receivable and Payable and adjust the outstanding items.	Merits Attention	Before closure of 2004-2005 accounts	<p>Considerable effort has been given to monitoring and adjusting clearing accounts in 2004 and 2005. Many of the clearing accounts are required because the existing applications are not fully integrated. The Field Accounting replacement project and the HRMS Payroll project provide the Organization with the opportunity to further integrate these applications and to review the accounting modules so as to limit the number of clearing accounts required.</p> <p>Status: In course of implementation</p> <p>Expected completion: End of 2006</p>	The matter will be examined during the audit of financial statements for the biennium 2004-2005.

LONG FORM REPORT				
External Auditor's Recommendation	Priority	External Auditor's Suggested Timetable	Action taken, status and time-frame for implementation	External Auditor's Comments
<b>Corporate accounting manual</b>				
I recommend that the Organization should finalize the corporate accounting manual on priority as significant changes have taken place in the accounting systems and procedures due to introduction of new automated systems for many processes.	Merits Attention	2004-2005	<p>All financial and accounting related procedures, administrative rules and regulations which, when taken together, will constitute a comprehensive corporate accounting manual, are currently under review. Manual Sections are being revised to only include material which is of a higher level policy and rule nature. Procedures and related documentation are being prepared for all business units and are published when finalised on the FAO Intranet, which is used to communicate authoritative policy and procedure documentation to user groups.</p> <p>Material published to date includes procedures and how to guides for the areas of Accounts Receivable, Accounts Payable, Staff Receivables and Systems Access. Account Descriptions explaining the use of the general ledger accounts and Frequently Asked Questions for several areas have also been published.</p> <p>Work on this exercise is expected to continue throughout 2006 with individual sections of the work being published as they are completed during the period.</p> <p>Status: In course of implementation Expected completion: End of 2006</p>	It is recommended that further progress may be awaited..

LONG FORM REPORT				
External Auditor's Recommendation	Priority	External Auditor's Suggested Timetable	Action taken, status and time-frame for implementation	External Auditor's Comments
<b>BUDGETARY PROCESS OF REGULAR PROGRAMME OF WORK</b>				
<b>Formulation of indicators</b>				
I recommend that the Organization should establish a road map to accomplish the task of formulating consistent, realistic and verifiable target values for each indicator at the level of Major Outputs for all Programme Entities. Formulation of such indicators would require enhanced skills of staff in the technical departments and the Office of Programme, Budget and Evaluation should play a catalytic role in this regard.	Merits Attention	2004-2005	Progressive improvement of indicators at the level of Major Outputs is being addressed during the formulation of new and revised Programme Entities in the revised PWB 2006-07 (to be considered by the May 2006 sessions of the Programme and Finance Committees) In this context, two briefings were arranged for programme managers. Future training initiatives in programme formulation will aim to improve the skills of staff in formulation of indicators. Programme managers will also learn to improve indicators based on feedback from auto-evaluations and independent evaluations.  Status: In course of implementation Expected completion: Ongoing task	This is an ongoing task. However, in view of the progress already made during preparation of PWB 2006-2007, the recommendation may be treated as addressed.
<b>Computerization of budgetary process (PIRES)</b>				
I recommend that efforts should be intensified to implement all the modules within the planned dates. I also recommend that periodical feedback should continue to be taken from the user community to determine their training requirements.	Merits Attention	2004-2005	The development and implementation of planned additions and enhancements to PIRES were completed as scheduled at the end of 2005, according to a work plan agreed with the Inter-departmental Working Group (IDWG) on PIRES, which advises the PIRES team on the functional needs of users. Maintenance and limited incremental development of the system is planned within the regular budget of PBE.  Status: Completed.	The recommendation may be treated as addressed.

LONG FORM REPORT				
External Auditor's Recommendation	Priority	External Auditor's Suggested Timetable	Action taken, status and time-frame for implementation	External Auditor's Comments
<b>Budgetary resources by region</b>				
I recommend that to improve the quality and reliability of the figures of the Programme Resources by regions, the Organization should ensure that all departments follow uniform methodology as laid down by the Office of Programme, Budget and Evaluation.	Merits Attention	2004-2005	A uniform methodology and procedure for assessing geographical distribution of resources was used for preparation of the PWB 2006-2007.  Status: Completed	The recommendation may be treated as addressed.
<b>TECHNICAL CO-OPERATION PROGRAMME</b>				
<b>Accounting of TCP expenditure: Return flow</b>				
I recommend that the Organization should bring the actual practice of the "return flow" process including the latest changes of this process to the notice of the Governing Bodies. I further recommend that the accounting and reporting procedures of the "return flow" process should be reviewed and codified. The monitoring mechanisms should be reoriented to adhere to these procedures.	Fundamental	May 2005	The Organization is in the process of reviewing the procedures related to and codifying the "return-flow" as suggested by the External Auditor. A working group comprising TCOT, TCOM, AFF and PBE has been formed and will propose details for a new modality to handle the return flow. Such modality will be based on AFFC's proposal of moving the TCP projects under the Regular Programme budget structure, which will considerably facilitate reporting and the overall management of the return flow process.  Status: Review in progress.  Expected completion: 2006	The recommendation may be treated as "Pending".

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External Auditor's Recommendation	Priority	External Auditor's Suggested Timetable	Action taken, status and time-frame for implementation	External Auditor's Comments
I recommend that sustained measures should be taken to improve incountry project appraisal to reduce the number of cancelled projects. The Organization also should disseminate information about Technical Cooperation Programme criteria among the governments of the Member Nations to enable better formulation of TCP projects.	Merits Attention	2004-2005	This has been fully addressed by the TCP reform approved by FAO Governing Bodies in November 2005. FAO Representatives are now to engage in a formal priority setting process based on National Medium-Term Priority Frameworks. This will involve purposeful dialog with counterparts based on the TCP criteria. The TCP Guidelines will continue to clearly indicate the criteria and procedures for TCP assistance, and be available to both FAORs and Governments. In addition, Governments can now count on a TCP-facility to engage consultants to assist in sound project formulation if needed.  Status: Completed	The recommendation may be treated as addressed..
<b>Implementation of TCP projects</b>				
<i>Europe region</i>				
I recommend that the Organization should take concrete steps to reduce delay in project implementation in Europe region by strengthening the capacity of the National Project Coordinators. It should identify the common factors for delay and take action to ameliorate them.	Significant	2004-2005	The situation whereby the Organization has to rely on the capacity of UNDP and National Counterparts for implementation of TCP projects is specific to the European Region. However, the Organization agrees with the External Auditor's proposal of having standard, detailed guidelines and training for national counterparts in particular considering the increasing use of national execution modalities.  Where appropriate, training of national counterparts could be introduced into the project design. Furthermore, the Organization is discussing ways of ensuring that UNDP officers are better familiarized with the implementation modalities of TCP. In the meantime, frequent	The recommendation may be treated as addressed.

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			<p>telephone briefings for new NPCs have been introduced by REU.</p> <p>The Operations Component of the web-based Field Programme Manual was published in early 2004. The possibility of making it available to National Project Coordinators will be explored and specific procedures will thus not be required.</p> <p>Furthermore, the Organization is developing some Guidelines for National Project Coordinators of TCP projects: a draft was prepared in 2005 which will be finalized based upon decisions regarding decentralization within the context of the new FAO reform. These guidelines outline the duties of the coordinators, and also include monitoring tools for project implementation.</p> <p>The issue of operational cash advances to NPCs (non staff-members) has been solved by changing the general provisions for TCP projects.</p> <p>Status: Options under consideration as the eventual implementation of the reform proposals in REU and SEUR, if approved by the Governing Bodies, should have a positive impact on this issue.</p> <p>Expected completion: On-going task</p>	



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<i>Emergency projects</i>				
I recommend that procurement procedures should be improved to ensure that inputs like seeds and fertilizers are available for the emergency projects at the time when these are needed.	Significant	Immediate	<p>Training of the operational officers in procurement procedures and rules has already started and is expected to improve the situation. Moreover, following the roll-out of the WAN connectivity, procedural information on the FAO Intranet is more easily accessible to FAORs.</p> <p>The Organization is further exploring ways of increasing speed and flexibility in procurement of inputs for emergency projects and is investigating the opportunity to procure larger amounts of inputs on a case-by-case basis depending on the urgency of the situation. A data base on goods supplied under emergency projects is being created to better identify the specifications of the main inputs in advance.</p> <p>TCE elaborated under AFSP's guidance recommendations designed to improve FAO's procurement planning and procedures for emergency operations. While many of the recommendations should be directly implemented by TCE and AFSP, other recommendations are taken into consideration by the Working Group on Procurement during its review and revision of Manual Section 502.</p> <p>Status: On-going task - implementation in progress</p>	It is recommended that further progress may be awaited.
I also recommend that lessons learnt and ways to meet the critical risks in various emergency projects should be documented from time to time for use by various concerned agencies and for strengthening institutional memory.	Merits Attention	2004-2005	Guidelines for the implementation of FAO emergency and rehabilitation operations are under preparation for distribution to all TCE staff as well as concerned FAORs. It will be based on the material currently developed for TCE Emergency Coordinators and on various documents such as the ECLO's After Action Review carried out within FAO in March 2005, which draws lessons from	It is recommended that further progress may be awaited.

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			past operations. Status: On-going task - implementation in progress	
<b>Operational and financial closure of projects</b>				
I recommend that the Organization should closely monitor the closure of projects and develop suitable reports for this purpose.	Merits Attention	2004-2005	During the last five years, a major effort has been made to speed up project closure with the introduction of an electronic form and a dedicated e-mail account, reducing time to a minimum. Automatic "trigger" messages have been introduced in FPMIS to prompt budget holders of the need to first operationally and subsequently financially close projects. In addition, a new category of projects called "Activities Completed" has been created in FPMIS to accommodate those projects which are no longer "Operationally Active" but whose condition in terms of equipment inventory and terminal reporting do not allow them to be closed. To provide an example, some 783 projects were operationally closed in 2004 and 1030 in 2005 (including TeleFood projects).  Status: On-going task - implementation in continuous progress.	In view of the steps taken and results already achieved, the recommendation may be treated as addressed.

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<b>Programme evaluation</b>				
I recommend that the Organization should ensure effective use of evaluation findings in management of Technical Cooperation Programme projects in a time bound manner.	Merits Attention	2004-2005	Evaluation findings have played an important role in shaping the TCP reform process concluded in 2005. During this process FAO Governing Bodies have further highlighted the need to emphasize and assess impact and sustainability of TCP projects. The scope and nature of TCP related evaluations conducted by PBEE with TCP funding will be strengthened accordingly. Measures are being taken, in consultation with PBEE, to strengthen the monitoring of impact and sustainability and to ensure that lessons learnt are fed back into future project design.  Expected completion: Ongoing task	The recommendation may be treated as addressed.
<b>PROCUREMENT FUNCTIONS BY AFSP IN HEADQUARTERS</b>				
<b>Delays in procurement</b>				
I recommend that the Procurement Service (AFSP) should develop a formal procedure to review timeliness in supply of commodities where seasonality is involved to ensure that delivery is made by the date by which the supply is required. The inter departmental working group which is proposed to be set up should look into this aspect in particular.	Significant	Immediate	This issue is included on the Terms of Reference of the Inter Departmental Working Group (IDWG) which consists of members of the Procurement Committee (PC) tasked to undertake a complete review of the Manual Section on Procurement of Goods, Works and Services. The PC was briefed accordingly in April 2005. The matter noted in the recommendation is part of the proposed tasks of the Working Group.  Status: In course of implementation  Expected completion: Mid 2006	It is recommended that further progress may be awaited.

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<b>Inspection of goods</b>				
I recommend that the Organization should document the practice of distribution of goods to final beneficiaries after receipt of inspection reports and should review other inspection practices urgently. Any revision should be implemented in a time-bound manner.	Significant	2004-2005	Draft guidelines of inspections of goods have been completed and will be reviewed and finalized in collaboration with the relevant Operating and Technical Services.  Status: In course of implementation Expected completion: Mid 2006	It is recommended that further progress may be awaited.
<b>Penalty clause</b>				
I recommend that the Organization should standardize provisions of penalty and maintain in the purchasing files the calculations and authorization details. Exceptions in specific situations should have the approval of a designated authority and supported by recorded reasons.	Significant	2004-2005	The standard penalty for purchase orders was reviewed by AFSP and cleared by LEG in the context of a revision of the standard Terms and Conditions. It was determined that the standard provisions for liquidated damages would be 2.5% per full week of delay up to a maximum of 10%. In extraordinary cases, this may be increased. Purchasing Officers have been instructed to maintain records in the files to adequately document decisions regarding the application of penalties. Guidelines regarding authority levels for approval of exceptions of application of penalties in specific situations are being developed.  Status: Partially completed  Expected completion: Mid 2006	It is recommended that further progress on guidelines regarding authority levels for approval of exceptions may be awaited.

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<b>Record keeping</b>				
Proper maintenance of procurement records being of critical importance, I recommend that the Organization should formalize and implement, on priority, procedures relating to maintenance of procurement records.	Fundamental	2004-2005	AFS has completed a restructuring and merger of the AFSP and AFSD registries including creation and implementation of digital filing structures. Training was provided to the staff and paper and digital files were merged. Procedures were established for the maintenance of the procurement records. A review of staffing of the merged registry had recommended that one G-3 registry clerk position be established, However, notwithstanding AFS' request for funding for this position, it was not available under the PWB.  Status: Completed. Additional improvements subject to the availability of resources	The recommendation may be treated as addressed.
<b>Internal reporting</b>				
I recommend that suitable internal reporting arrangements should be implemented for effective monitoring of progress of purchase cases. Information Technology support to procurement service should be enhanced on a priority basis to improve monitoring.	Merits Attention	2004-2005	AFSP has procured a division oriented Business Intelligence software tool to enhance its reporting and monitoring capacity as recommended and is in the process of initiating implementation.  Status: In course of implementation	It is recommended that further progress may be awaited.

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<b>Procurement committee</b>				
I recommend that purchase cases with less than three bids meeting specifications of the tender should be submitted to the Procurement Committee, in accordance with the financial limits set out in the Manual.	Merits Attention	2004-2005	This issue has been included in the TORs of the Inter Departmental Working Group (IDWG) noted above that has been tasked with the review and revision of the Manual Section on Procurement.  Status: In course of implementation Expected completion: Mid 2006	It is recommended that further progress may be awaited.
<b>Rotation of personnel in AFSP</b>				
I recommend that the Organization should consider the feasibility of developing technical expertise within the procurement division and rotation of personnel in the division as a potential tool to further enhance internal control.	Merits Attention	2004-2005	This issue has been included in the TORs of the Inter Departmental Working Group (IDWG) noted above that has been tasked with the review and revision of the Manual Section on Procurement. However implementation of such a recommendation would require a review of the Organization's overall policy on rotation to ensure that there would be suitable positions within the Organization to which procurement officers could be rotated..  Status: In course of implementation Expected completion: Mid 2006	It is recommended that further progress may be awaited.

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<b>Procurement of urea under Oil for Food Programme</b>				
I recommend that the risk assessment in procurement functions should be completed in a time bound manner and the review of the provisions of the Manual and the levels of delegation of authority should be finalized and implemented at the earliest.	Fundamental	Immediate	This issue has been included in the TORs of the Inter Departmental Working Group (IDWG) noted above that has been tasked with the review and revision of the Manual Section on Procurement.  Status: In course of implementation  Expected completion: Mid 2006	It is recommended that further progress may be awaited.
<b>AUDIT OF DECENTRALIZED UNITS</b>				
I recommend that the Organization should take concrete steps to improve the project and programme management capacity of the FAO country offices. The utilization of the training budget by FAO Representations should be closely monitored.	Significant	2004-2005	A non-fungible budget allotment for staff development has been provided to the FAORs who are encouraged to prepare need based staff development plans. The utilization of the training budget is periodically monitored by the Organization to ensure that these funds are fully utilized. It should be noted that with constant monitoring and oversight by OCD, the utilization of the training budget in the FAO Representations has improved from 42% in 2001 to more than 75% in 2004. and 62% in 2005. In addition, for the PWB 2006/07, a comprehensive training proposal for the FAO country offices has been prepared to, inter alia, cover the following Core Programmes, on the basis of the FAOR Competency Profile: (a) Representing FAO; (b) Ensuring an Effective Field Programme. (c) Facilitating and Coordinating Emergency Programmes (d) Managing the Country Office and Security Operations Effectively. (e) Management Development Learning Programme for FAORs; and (d) Continuing Technical Expertise Development.	In view of the progress made in utilization of the training budget, the recommendation may be treated as addressed.

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			<p>The implementation of this programme will be prioritized with focus on programme development and project operations based on the availability of funds.</p> <p>Status: In course of implementation</p> <p>Expected completion: On-going task</p>	



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<b>Personnel management</b>				
I recommend that the intended revision of the Food and Agriculture Organization's Manual be carried out as early as possible so that issues relating to longer-term employment of locally recruited professionals can be clear to all concerned.	Merits Attention	2004-2005	<p>The relevant Section of the FAO Administrative Manual (Manual Section 375) has been revised to take into account the issues raised and reflect the recommendations made by the External Auditor. This revision took place in the context of a review conducted in the last quarter of 2004 on the use of non-staff resources and their contractual modalities. A report was submitted to the Human Resources Committee during the first quarter of 2005 and relevant guidelines on the use of non-staff human resources were approved by Senior Management in June 2005. The revised Manual Section 375 has been submitted to Senior Management and its introduction is presently under consideration.</p> <p>Status: In course of implementation Expected completion – first quarter of 2006</p>	In view of the action already taken, the recommendation may be treated as addressed.

LONG FORM REPORT				
External Auditor's Recommendation	Priority	External Auditor's Suggested Timetable	Action taken, status and time-frame for implementation	External Auditor's Comments
<b>ACTION TAKEN IN RESPONSE TO PREVIOUS REPORTS</b>				
<b>FINANCIAL MATTERS</b>				
<b>Applicable rules and regulations for employment of retirees</b>				
<p>The existing guidelines and practices for the re-employment of former staff members who have been separated should be consolidated into a comprehensive policy, which should address, in particular, the following issues: minimum time lapse between termination and re-employment, maximum time of employment, nature of the assignment, financial and other conditions of employment. As far as the first point is concerned, I consider the UN standard rule of three years minimum to be a good practice. It should be duly recalled in all termination agreements. The Director-General could, of course, always grant a waiver to this rule on the basis of detailed justifications. The maximum time of employment could be based on the one for retirees (six months). Once defined, the rules governing re-employment of separated staff should be incorporated into the FAO Manual under Section 300</p>	Significant	Early in 2003	<p>Following the review conducted on the conditions governing the employment of retirees, new modalities were introduced relating to procedures for recruitment of former General Service staff members (including an assessment on the nature of assignments). In addition, the Director-General approved with effect 6 July 2005 an increase in the level of remuneration offered to Retired Experts. These rates were further revised in January 2006 with a view to rendering the Organization's remuneration rates more competitive and in line with the current rates enforced in other organizations of the UN common system. With regard to the minimum time lapse between termination and re-employment, the Organization has adopted a policy stipulating that a staff member who has accepted an agreed termination may not be re-employed until after the time covered by the agreed termination has elapsed, which varies from case to case but can be up to 18 months.</p> <p>The delegation of authority for the extension of contracts of retirees beyond the established limit with regard to assignment duration is currently being reviewed within the framework of the ongoing reform exercise.</p> <p>Status: In course of implementation</p> <p>Expected completion – March 2006</p>	<p>It is recommended that further progress on establishment of duration of assignment may be awaited.</p>

REPORT ON OFFICIAL TRAVEL				
External Auditor's Recommendation	Priority	External Auditor's Suggested Timetable	Action taken, status and time-frame for implementation	External Auditor's Comments
<b>REPORT ON OFFICIAL TRAVEL</b>				
<b>Revenue sharing arrangements for travel services</b>				
I recommend that the Organization concludes the tender process and finalises the contract as soon as possible to avoid incurring additional costs that it has been burdened with.	Fundamental	Immediate	Tender invitations were sent out at the end of September, 2005,. Several tenders were received by the due date of 4 January 2006. Evaluation of tenders will take place during January-March 2006.  Status: In course of implementation  Expected completion – The new travel contract is expected to be awarded by June 2006	In view of the fact that the new tender invitation has been floated and tenders received are under process, the recommendation may be treated as addressed.
<b>Impact of the economy measures</b>				
I recommend that the manual section be revised to clarify the specific definition of journey time. I also recommend that Organization should develop mechanisms to check, at least on a sample basis, the application of the Organization's rules.	Merits Attention	Immediate	1. Revision of Manual Section 401.1.2.1.24 has been completed and published.  Status: Completed  2. All invoices from the travel contractor are reviewed prior to payment to verify that the correct fare and class of travel have been applied, and that the fare is within the estimated cost. In addition, all claims for ticket refunds are monitored to ensure prompt processing and payment.  Status: On-going	The recommendation may be treated as addressed.

REPORT ON OFFICIAL TRAVEL				
External Auditor's Recommendation	Priority	External Auditor's Suggested Timetable	Action taken, status and time-frame for implementation	External Auditor's Comments
<b>Prepaid ticket advices</b>				
I recommend that the Organization continues its efforts to bring down the number of Prepaid Ticket Advices in the interest of economy.	Merits Attention	December 2005	The ongoing effort to reduce the value of PTAs is illustrated thus: 2002: €4,165,628 2003: €4,100,311 2004: €2,327,974 2005: €1,388,690. This represents an overall 66.66% reduction from 2002 to 2005, and a 40.35% reduction from 2004 to 2005. These results have been achieved, principally, through self-purchase of tickets by consultants etc., thereby eliminating the need for PTAs. (It is possible to research and secure reduced fares locally in the field, which are not available to the travel contractor at HQ, who has no alternative but to issue PTAs for full fare values.)  Status: On-going	The recommendation may be treated as addressed.
<b>Lump sum payment for home leave and appointment, transfer &amp; repatriation etc.</b>				
I recommend that the Organization continues its efforts for staff certification of travel within the prescribed period. I also recommend that AUD should conduct the first review of the lump sum payments and the documentations early, so that the Organization can evaluate the effectiveness of the procedures and risks, if any, such procedures pose to the control environment.	Significant	December 2005	1. At the time of the external audit, outstanding lump-sum advances made prior to the implementation of eTravel on 01 February 2004 totalled \$210,190.34 (75 transactions). This has been reduced to \$40,067.56 (10 transactions). Under the eTravel system, significant progress has been made. \$754,323.89 (160 transactions) were outstanding on 01 December 2004; on 31 December 2005 the amount was \$315,745.25 (58 transactions); as of 28 February 2006 the outstanding amount is \$218,602.81 (43 transactions), of which \$53,041.10 (7 transactions) represents ageing over 120 days.  Status: On-going  2. Internal audit review of lump sum payments completed and report issued on 26 January 2006	In view of the progress made, the recommendation may be treated as addressed.

REPORT ON OFFICIAL TRAVEL				
External Auditor's Recommendation	Priority	External Auditor's Suggested Timetable	Action taken, status and time-frame for implementation	External Auditor's Comments
			Status: Implemented	
<b>Review of ATLAS</b>				
I recommend that the Organization continues with the process for replacement of the travel system in order that it fully meets the current and future requirements of the Organization. I also recommend that adequate resources may be provided for having a web based travel monitoring package fully integrated with Oracle Financial Applications.	Significant	December 2005	Research is underway. Among possible solutions is replacement of Atlas with a customised enhancement to Oracle, similar to that in place at ILO-Geneva. However this exercise is temporarily in suspense due to lack of resources. It would be better addressed in 2007 once Oracle HRMS has been implemented. At that stage, it is likely that better Oracle solutions would be more readily available.  Status: In suspense until 2007	It is recommended that further progress may be awaited.
<b>Other expenses in TA</b>				
I recommend that the task of configuring the travel expense list may be completed as early as possible and suitable guidelines issued.	Merits Attention	December 2005	The reconfigured travel expense list is complete and ready for implementation, which will be in conjunction with the implementation of Atlas version 2.7.4.28.  Status: Completed	The recommendation may be treated as addressed.