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FINANCE COMMITTEE

Hundred and Ninety-first Session

Rome, 16-20 May 2022

2021 Annual Report of the Inspector General

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EXECUTIVE SUMMARY

- This Annual Report, submitted to the Director-General and the Finance Committee in accordance with paragraph 57 of the Office of the Inspector General (OIG) Charter, provides an overview of OIG's activities during the period 1 January to 31 December 2021.
- OIG issued 12 final audit reports, two audit memoranda, 15 investigation reports and 25 investigation memoranda in 2021. Ten audit reports were made available to two Member Nations at their request.
- At the end of the year, audit work was in progress on 21 audit engagements and the investigation caseload consisted of 111 open cases.
- OIG received 214 new complaints during the year, up from 170 in 2020, representing an increase of 26 percent. After the intake process, 124 new cases were opened for further review.
- Advisory work, the only part of OIG's mandate not affected by travel restrictions, was up by almost 100 percent comprising responses to 188 management requests.
- As at 31 December 2021, 379 agreed actions were pending implementation by FAO management, a 23 percent decrease from 2020. However, 40 percent of agreed actions had been open for over two years and 27 percent of agreed actions were overdue.
- OIG had a budget surplus of almost USD 500 000 at the end of the biennium, due largely to official travel being suspended as well as staff vacancies. In a year of normal activity, OIG estimates it is likely to have incurred a deficit of approximately USD 200 000.
- The Inspector General confirms OIG's operational independence and the absence of any interference in the performance of its oversight functions during the reporting period.

DIRECTOR-GENERAL'S COMMENTS

- *The Director-General expresses his appreciation for the work performed by OIG during 2021. The Office played an important role in supporting the Director-General's efforts to make FAO more transparent, accountable, efficient and effective. OIG continued to provide critical, but independent, objective and fair assessments of FAO activities and operations and raised valuable recommendations for improving the Organization's internal processes. OIG's investigations into allegations of misconduct involving FAO personnel and allegations of sanctionable actions involving third parties, and its support of integrity initiatives, were instrumental in helping FAO become a more ethical organization. The Director-General particularly highlights OIG's communication activities during the year, including the numerous briefing sessions and webinars the Office hosted and co-hosted for the benefit of FAO management and staff.*

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to take note of the Inspector General's 2021 Annual Report.

Draft Advice

- **The Finance Committee:**
 - **appreciated the completeness and quality of the report, which provided a comprehensive and informative overview of OIG's various activities during 2021;**

- **noted with appreciation the high number of investigation-related outputs issued during the year and the two reviews conducted on systemic and recurring control weaknesses identified in past audits of Decentralized Offices; and**
- **was re-assured by the Inspector General's confirmation that OIG activities were free from interference and obstruction, and welcomed the Director-General's continued support for the work of OIG.**

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Inspector General's Foreword

I am pleased to submit to the Director-General, the Oversight Advisory Committee (OAC) and the Finance Committee, the Annual Report of the Office of the Inspector General (OIG) for the year 2021. It was my first full year as Inspector General and below is a synopsis of what kept me and OIG busy, our major achievements and the challenges we faced.

The global COVID-19 pandemic continued to impact implementation of the OIG workplan throughout 2021. Only very limited mission travel for investigation purposes took place, while some investigation cases had to remain suspended. Audits of Decentralized Offices were subject to limitations in terms of the work that could be carried out and evidence that could be collected. In light of this, we did not achieve some of our key performance indicators. For example, as at 31 December 2021, the ratio of actual versus planned audit engagements was 84 percent and completion of audits was slower on average than in previous years. However, a record number of 40 investigation outputs (reports and memoranda) were issued during the year.

The pandemic also had a silver lining for OIG. We have learned positive lessons from working remotely and obtained a better knowledge and appreciation of the use of data in audits and investigations. We initiated a working group and hired a data scientist on a short-term consulting engagement to make further advances in our data analytics for audit purposes. Work is also ongoing to improve our ability to undertake forensic analysis in investigations.

In July 2021, I issued a strategy for OIG for the four-year period 1 July 2021-30 June 2025. A draft of the strategy document was shared with the Director-General and OAC for comments before its finalization. The strategy, with its objectives, planned activities and success criteria, aims to support OIG in fulfilling its mandate and mission by *being a credible, trusted and respected partner and service provider, through oversight, insight and foresight, in safeguarding FAO's resources and reputation, improving its efficiency and effectiveness, and embracing positive change, in order to contribute to the Organization's efforts to achieve the Four Betters.*

Parallel to the development of the strategy, OIG's organizational structure was reviewed and revised. The Office now has three units, each headed by a Senior Officer (Head of Unit): the Investigations Unit, Corporate Audit Unit (formerly Headquarters Audit Group) and Field Audit Unit (formerly Decentralized Audit Group). These changes better reflect the nature of the work these units undertake.

In 2021, OIG's audit work focused on reviewing systemic and recurring control weaknesses identified in past audits of Decentralized Offices. In line with this approach, two "capping reports" were issued, on Decentralized Offices' governance structure and capacity, and Country Office operations. Both reports were subject to extensive discussions with management and all 28 recommendations were agreed and welcomed by management. More information on these and other audits conducted is available in a separate document, Annual Report of the Inspector General – Summaries of Audit Reports issued in 2021 (FC191/9.2- 2021).

The workload of our Investigations Unit continued to increase. The five-year trend in complaints¹ received has been consistently upward: 76 in 2017; 112 in 2018; 121 in 2019; 170 in 2020; and 214 in 2021. With the increase in investigation resources in 2021 (one new P-4 Investigator post and

¹ OIG has a three-part technical description (complaint, allegation and case) to describe how information regarding potential misconduct by FAO personnel and vendors is received and processed. Typically, an individual or group of individuals report to OIG possible misconduct or sanctionable action referred to as a *complaint*. In this way we track the number of complaints received. Each complaint in turn may include information about one or more potential violations of FAO's rules and regulations, tracked individually as *allegations*, which can result in one or more *cases* to be further reviewed following the intake process.

additional funding for non-staff resources) and effective screening undertaken by our new intake function, the Unit managed to improve its productivity and reduced the backlog of long-outstanding cases. However, at the current resource level, this is unlikely to remain the case: for the 2022–2023 biennium, OIG originally estimated it would receive 500 complaints, but at the time of writing (March 2022), the trend shows a substantive increase above this figure.

The provision of advisory and other client-related services was not impacted by COVID-19. On the contrary, we recorded almost twice as many responses to advisory requests as in 2020. A significant amount of time was again devoted by OIG to reviewing and discussing donor framework agreements. As mentioned in the 2020 OIG Annual Report, we understand that donors and their constituents demand greater transparency and information to ensure their voluntarily funded resources will be used effectively, efficiently and with integrity. However, the United Nations single audit principle is in danger of being eroded as a result; the inefficiencies involved in negotiating different types of audit, verification and investigation clauses in these agreements are considerable; and the financial provisions included in some agreements to cover the costs of implementing and reporting on these clauses are never enough to address all associated indirect administrative costs. The risk is that United Nations system organizations will not be aligned in their acceptance, or not, of the types of oversight provisions put forward by different contributors, given that an important source of funding for the organizations is at stake.

Communication with FAO senior management was a key activity for OIG during the year. We organized two briefing sessions for the Director-General and senior management on OIG's ongoing audit and investigations work. We also held one-on-one discussions with each Regional Representative on prevention of fraud and other forms of misconduct, and organized two webinars for FAO Representatives in Country Offices to clarify OIG's investigations mandate and procedures. Together with the FAO Integrity Network, OIG continued to be actively involved in various initiatives to strengthen integrity management in the Organization, such as the provision of training, policy guidance and information briefings and webinars.

OIG ended the 2020–21 biennium with a budget surplus, mainly due to significant savings from suspended mission travel and the longer than expected time taken to fill vacant audit positions and engage investigation consultants. Notably, the market space for consultants with expertise in investigations is currently very competitive as many United Nations and other international organizations have been increasing their investigation resources. Hence, our ambition to bring in a higher number of consultants in a timely manner proved challenging. Nevertheless, we expect 2022 to be a more "normal" year than 2020 and 2021, also in terms of budget consumption. OIG personnel are now gradually returning to the office and travel is resuming.

In conclusion, I would like to thank the Director-General, the Core Leadership Team and members of the OAC for their continued support to the work of OIG. I am pleased to reiterate that there were no attempts to influence our audit and investigation functions and all our activities were free from interference and obstruction during the reporting period. OIG's ability to fulfil its mandate efficiently and effectively was further supported by the Director-General's consistent messaging to all FAO managers and personnel about the need for FAO to be an ethical and transparent organization.

Mika Tapio

Inspector General

I. Introduction

1. This Annual Report is submitted to the Director-General and to the Finance Committee in accordance with paragraph 57 of the Charter of the Office of the Inspector General (OIG). It provides information, *inter alia*, on: significant audit findings and systemic weaknesses identified by OIG audits and investigations; the action taken by management to implement OIG recommendations; disclosure of OIG audit reports; cases investigated by OIG, their status and final disposition, including a summary of findings and the disciplinary or administrative action taken by the Organization; the OIG quality assurance and improvement programme; and OIG resources.

II. Mandate and mission

2. According to its Charter, OIG provides oversight of FAO's programmes and operations through internal audit and investigation. OIG is responsible for evaluating and contributing to the improvement of the Organization's governance, risk management and control processes. OIG provides the Director-General and the functions and programmes audited with independent, objective assurance and consulting services designed to add value and improve FAO operations. OIG is also responsible for investigating allegations of misconduct involving FAO personnel and allegations of sanctionable actions involving third parties.

3. The Charter continued to serve OIG well during the year. The Office is of the view that no changes are currently needed to the contents of the Charter. The next review of the Charter is due no later than March 2023.

4. In its audits, OIG follows the International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors. In its investigations, OIG follows the Uniform Principles and Guidelines for Investigations, adopted by the Conference of International Investigators (CII), and the new FAO Investigation Guidelines issued in April 2021

III. Statement of independence

5. According to the OIG Charter, the Inspector General shall confirm to the Finance Committee, at least annually, the organizational independence of OIG.

6. During the reporting period, the organizational independence of OIG continued to be ensured through the Inspector General's direct reporting line to the Director-General and through the Inspector General's access to the Oversight Advisory Committee (OAC) and the Finance Committee. In addition, OIG's audit and investigation activities were free from interference and there were no circumstances of impairment to its independence. OIG received full support and cooperation from management in the conduct of its work.

7. The authority delegated to the Inspector General for the recruitment of personnel, both regular staff and non-staff resources, has been gradually strengthened over the last two years. During the reporting period, in March 2021, the Director-General made a decision to delegate selection decisions up to and including vacant P-3 level posts to the Inspector General. For posts at P-4 level and above, the Inspector General should propose at least two candidates to the Director-General from the shortlist recommended by the Selection Committee. If, in any particular case, the Director-General has reservations about selecting either of the two candidates proposed by the Inspector General, the Director-General will request that the Director, Human Resources Division (CSH) address and resolve the matter in collaboration with the Inspector General. OIG is satisfied with this delegation as it supports the provision of the OIG Charter whereby the Inspector General shall have managerial responsibility and control over OIG's human and financial resources, in conformity with FAO's regulations, rules and policies.

IV. Internal audit

Internal audit activities in 2021

8. OIG's audit activities in 2021 were based on its 2020–2021 biennial workplan, initially approved in December 2019 and revised in January 2021 following a reassessment of risks and audit objectives in consultation with management and the OAC. The repurposed 2021 workplan included ten audits of corporate functions and systems, comprising seven high or very high-risk assignments and three medium-risk assignments; and nine audits of Decentralized Offices, comprising seven offices assessed as high or very high risk and two assessed as medium risk.

9. Audit missions remained suspended throughout 2021 due to the COVID-19 pandemic and all audits of Decentralized Offices were conducted remotely. Four audits were cancelled and two new audit engagements were added to the workplan during the year.² OIG completed 12 audits (compared to 23 in 2019). As at 31 December 2021, of the 21 audit engagements in progress, ten audits were at reporting stage, eight were at fieldwork stage and three were at planning stage.

10. The following audit reports were issued (the audit rating is shown in parenthesis):³

Audits of corporate functions:

Fisheries Division (AUD 0121) (Satisfactory)

Sanctions Procedures (AUD 0421) (Major Improvement Needed)

Staff Learning and Training (AUD 0621) (Some Improvement Needed)

Accounts Payable (AUD 0921) (Some Improvement Needed)

Field Security – Governance Aspects (AUD 1121)⁴ (Some Improvement Needed)

Field Security – Compliance Aspects (AUD 1221)⁴ (Major Improvement Needed)

Audits of Decentralized Offices:

FAO Representation in Cambodia (AUD 0221) (Some Improvement Needed)

FAO Office in Suriname (AUD 0321) (Major Improvement Needed)

FAO Representation in Congo (AUD 0521) (Unsatisfactory)

FAO Representation in Philippines (AUD 0821) (Major Improvement Needed)

Thematic audits relating to Decentralized Offices:

Decentralized Offices' Governance Structure and Capacity (AUD 0721) (Major Improvement Needed)

Recurring and Systemic Issues in FAO Country Offices' Operations (AUD 1021) (Major Improvement Needed)

² Two audits were cancelled to make audit resources available for two new audit engagements deemed to be of more topical importance. One audit was cancelled due to unavailability of staffing resources and one audit was cancelled because it was not considered feasible to conduct a remote audit due to limited internet connectivity in the Country Office in question.

³ Summaries of the reports' observations and conclusions can be found in a separate document (FC191/9.2).

⁴ Report not disclosed to protect the safety and security of FAO staff, assets and premises.

Key audit observations and systemic weaknesses

Field audits

11. In the past three years, the audits of Decentralized Offices have concluded that, in a majority of offices, implementation of internal control systems was either unsatisfactory or needed major improvement. The control gaps identified across the different offices audited were similar and the offices concerned often attributed the problem to the lack of staffing capacity. Accordingly, OIG conducted two thematic audits to identify the root causes for the lack of capacity in Decentralized Offices and the recurring control gaps in Country Office operations.

12. **The audit of Decentralized Offices' governance structure and capacity** identified the following issues:

- Regular Programme resources were thinly stretched with the growing number of Decentralized Offices and the growing field programme over the years. At the same time, criteria to determine when and where FAO's presence was required were unclear, as was the type of Decentralized Office and related staffing capacity needed in each case.
- The allocation of resources and the grading of key management positions across Decentralized Offices were not consistently aligned with the complexity and size of each office.
- Management supervisory spans were thinly stretched in some offices leading to ineffective supervisory controls.
- The policy governing delegation of authority to Decentralized Offices was outdated and hampered the effective functioning of the accountability framework.
- Some staffing positions at Decentralized Offices were allocated to non-critical functions, while key functions were assigned to non-staff.
- In 2021, 213 staff positions had been vacant for over two years, largely due to the recruitment freeze, which FAO management stated was needed to facilitate the gradual transformation of Decentralized Offices. However, these prolonged vacancies undermined the staffing capacity of the Decentralized Offices concerned.
- The management of Decentralized Office resources by regions created barriers for deployment of resources where they were most needed, especially when it involved Country Offices in different regions.
- Country Offices faced difficulties in supporting field programme delivery because they did not receive indirect support costs and only received a portion of direct support costs with delays that hampered the efficient delivery of operations.

13. **The audit of recurring and systemic issues in Country Office operations** identified the following weaknesses:

- Country Offices considered the use of Non-Staff Human Resources (NSHR) as a flexible and cost-effective solution to meet operational requirements; however, they used some NSHR to perform core activities of a continuous nature, contrary to the established rules.
- Human resource rules on competitive recruitment and the vetting process were less stringent for local NSHR than for staff members, as the positions were deemed to be of short-term nature. However, local NSHR contracts were often repeatedly renewed. In December 2020, over 2 000 NSHR had consecutive contracts for three years or longer.
- Human resource rules did not specify the need for segregation of duties in human resource management at the level of Decentralized Offices. This meant that hiring managers alone could identify, select and decide on local NSHR pay rates.
- Country Offices found the corporate template for procurement planning to be too complex; therefore, did not use it for effective procurement planning.

- Controls and tools were inadequate to monitor individuals with conflicting responsibilities in the procure-to-pay cycle, duly supported payments and management of advances to NSHR.
- Personnel at Decentralized Offices did not systematically record actual receipt dates for goods procured in the Global Resource Management System (GRMS) due to system limitations. This made it difficult to track cases where suppliers failed to deliver on time and liquidated damages should have been applied.
- The delays in developing a corporate policy and implementing an inventory management system to track receipt of goods to their distribution to final beneficiaries exposed the Organization to risks of losses and fraud.
- The lack of asset disposals and criteria for delisting items for tracking purposes led to an increasing number of assets subject to annual physical verification. Due to limited staff resources, Country Offices did not properly conduct physical verification exercises to detect loss, theft and misuse of assets.

14. FAO management accepted all 28 recommendations raised by OIG in the above-mentioned two “capping reports” and has initiated actions to fully implement them by December 2024. OIG acknowledges that many of the actions recommended are time consuming to implement and require financial resources. In addition, wide-ranging structural changes to the Decentralized Office network require that differing views from various stakeholders and interested parties are taken into consideration. To some extent, the underlying challenges are not new; however, OIG has been assured by management that they will be addressed as part of the ongoing phased restructuring of Regional, Subregional and Country Offices.

Corporate audits

15. **The audit of the Fisheries Division** concluded that, in general: internal controls were working as intended; projects were adequately managed; and the Division adhered to established policies and procedures. Notwithstanding this, the audit identified a number of areas where further improvement was desirable, including in communication activities, procurement planning and monitoring, project monitoring and gender mainstreaming. **The audit of sanctions procedures** identified a number of issues for management attention regarding implementation of sanctions procedures and the effectiveness of applied sanctions, mainly related to the clarity of relevant procedures and the functioning of the Sanctions Committee. **The audit of staff learning and training** concluded that senior management had established basic governance arrangements over this area, but related policies were fragmented and not interlinked. Therefore, there was a need to establish a holistic learning framework that consolidates corporate policies, rules, guidelines and procedures for the different staff learning and training activities allowed by the Organization, and that complements other human resources policies. **The audit of accounts payable** identified that centralizing the accounts payable function in the Shared Services Centre (CSLC) would bring significant benefits in terms of procedural efficiency and effectiveness and in reducing fraud risks. At the operational level, the audit identified some opportunities to improve existing procedures. Finally, **the audit of field security**, which was split into two separate reports, concluded that while governance arrangements were relatively sound, there was a need to strengthen monitoring of security at field level to increase compliance with existing rules and procedures.

Implementation of audit recommendations and agreed actions

16. As at 31 December 2021, 379 agreed actions were outstanding, a 23 percent decrease from 2020 (see Table 1). This decrease was mainly due to the implementation and closure of 226 recommendations, while only 114 new agreed actions were issued during 2021.

Table 1: Agreed actions open/closed in 2021 and final balance as at 31 December 2021

Status / Issue Type	Agreed Actions	Recommendations	Total
OPEN - As at 31 December 2020	475	16	491

(-) CLOSED - 1 January to 31 December 2021	220	6	226
(+) NEW - 1 January to 31 December 2021	114	0	114
SUB-TOTAL OPEN - As at 31 December 2021	369	10	379
Recommendations converted to Agreed Actions	8	-8	
TOTAL OPEN - As at 31 December 2021	377	2	379

17. While the target date for implementation of each recommendation is established by management at the issuance of the audit report, in several instances management revised the target date when it subsequently assessed that the initial target was no longer achievable. As at 31 December 2021, the number of overdue recommendations based on original target dates and revised target dates was as shown in Table 2.

Table 2: Outstanding agreed actions by original and revised due date as at 31 December 2021

Implementation	Overdue	Not Overdue	Total
Original Due Date	306	73	379
Revised Due Date	104	275	379

18. Based on the revised due dates, implementation of 27 percent (104 of 379) of the agreed actions is therefore overdue. At the same time, the percentage of agreed actions older than two years, i.e. raised in 2019 or before, has increased to 40 percent (153 of 379) from 21 percent at the end of 2020.

Key unaddressed and emerging risks

19. The delays in implementing agreed actions resulted in recurring control gaps such as those described in paragraph 13. In the following cases, the Organization has remained exposed to underlying risks for six years or more:

- One agreed action related to the lack of a host country agreement to safeguard FAO interests, immunities and privileges in a country has been outstanding for nine years. This is due to challenges for FAO in reaching an agreement on certain issues despite extensive discussions with the government in question.
- Four agreed actions related to an audit of information technology (IT) security that was carried out in 2015 remain open. A follow-up audit in 2019 determined they had not been effectively implemented so OIG decided to reiterate them. OIG acknowledges that the Digitalization and Informatics Division has partnered with the United Nations International Computing Centre and has developed a road map to address the outstanding agreed actions in this area.

20. In its work planning for the 2022–23 biennium, OIG took into account some of the agreed actions raised in past audits that remain open and continue to make the Organization vulnerable to specific threats. Correspondingly, OIG decided to include audit engagements on the following thematic areas in its biennial workplan:

- IT security, as noted above.
- Letters of Agreement (some agreed actions outstanding for over four years).
- Input distribution cycle, including inventory and beneficiary management (one agreed action outstanding for over three years).
- Mechanisms to handle and receive complaints and grievances from project beneficiaries in a confidential and timely manner (an agreed action outstanding for over three years).

21. Finally, in OIG's opinion, the global COVID-19 pandemic, technological advancements and some other areas of topical importance require management to keep certain risks under close situational awareness. OIG will be advising management and conducting appropriate audit work, *inter alia*, on the following areas:

- Risks associated with data privacy and protection.
- Risks associated with contractual arrangements with third parties (vendors, partners, service providers and other entities to whom FAO's activities and assets have been outsourced).
- Risks associated with supply chains and distribution channels.
- Risks associated with the Organization's environmental and social responsibilities.
- Risks associated with the use of social media.

V. Disclosure of audit reports

22. In accordance with the OIG Charter, upon written request for a specific report, the full version of the report can be made available to Permanent Representatives accredited to FAO. In addition, upon written request from an institutional resource partner for a specific audit report covering programmes and operations co-funded by the requester, the institutional resource partner may be granted access to the full report. The Permanent Representatives and institutional partners should treat any report received under this provision as confidential and should not publicly disclose any information contained therein.

23. During the reporting period, two requests were received from two Member Nations for a total of ten audit reports. OIG shared all requested reports with no redactions. The following reports were disclosed in adherence to the Charter:

- AUD 0516 - Comprehensive Review of the FAO Representation in Somalia
- AUD 2116 - Comprehensive Review of the FAO Representation in Madagascar
- AUD 1017 - Consolidated Report on the Audit of the South Sudan Common Humanitarian Fund
- AUD 1717 - Limited Review of the Whole Syria Programme
- AUD 2717 - Comprehensive Review of the FAO Representation in Mozambique
- AUD 0919 - Audit of the FAO Representation in Afghanistan
- AUD 0520 - Audit of the FAO Representation in Haiti
- AUD 1220 - Audit of the FAO Representation in Yemen
- AUD 1020 - Audit of the FAO Representation in South Sudan
- AUD 0821 - Audit of the FAO Representation in the Philippines

VI. Investigations

24. The Investigations Unit of the Office of the Inspector General is tasked with reviewing incidents of possible misconduct (serious violations of FAO's rules, regulations and policies) by both individuals (staff and non-staff human resources) and legal entities (implementing partners and contractors), collectively referred to as subjects during an investigation.

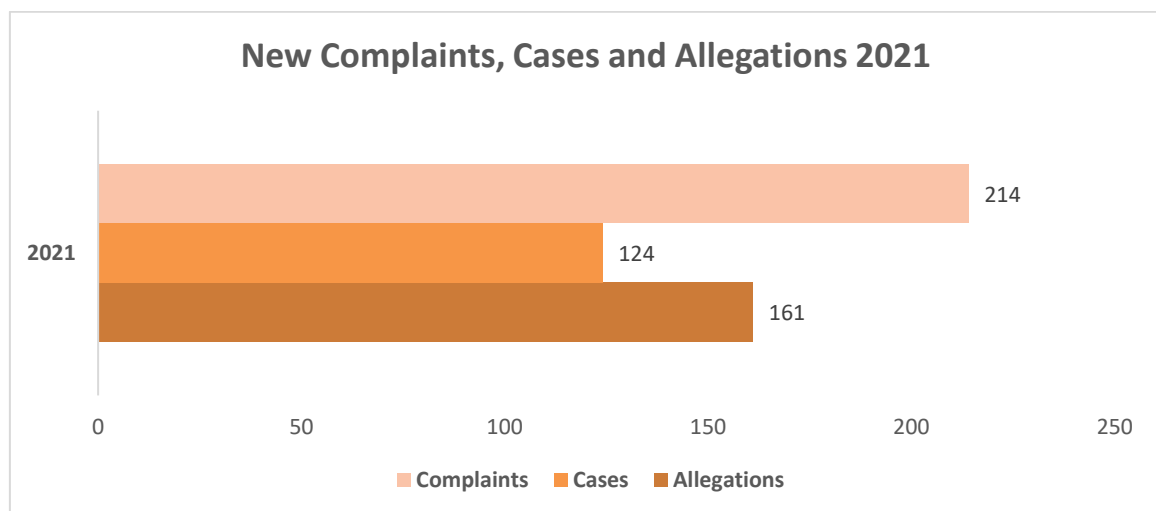
25. OIG reviews matters that come to its attention, the vast majority of which arise based on complaints of misconduct. Reviews are conducted in accordance with the updated FAO Investigation Guidelines, issued in April 2021, and Standard Operating Procedures for the different stages of the investigative process. The Guidelines and Standard Operating Procedures contain timelines for the three phases of OIG's investigative work: intake, preliminary review and full investigation.

Key highlights of investigative work

26. In 2021, following a recommendation of the 2019 External Assessment of the investigation function, and as part of the update to the Investigation Guidelines, OIG introduced a new intake

function for the receipt and initial review of complaints. This formal intake function, piloted in 2020, reviews complaints to determine whether they raise issues within OIG's investigative mandate and either a case should be opened or the issues raised should be resolved by other means, such as through referral to another FAO office. As can be seen in Chart 1 below, the new intake function has allowed a significant number of complaints to be resolved without the need to open a case for further review. OIG notes that a single complaint may result in multiple cases (e.g., if it raises unconnected allegations against different individuals), which in turn contain multiple allegations. For this reason, the measurement of OIG's investigative workload compared to that carried out in past years now focuses on reporting of cases rather than complaints. As can also be seen below, in paragraph 31, changes in OIG's resourcing model have shifted the way the cases per investigator are presented to include both staff and consultants (who now form an important part of OIG's investigative personnel).

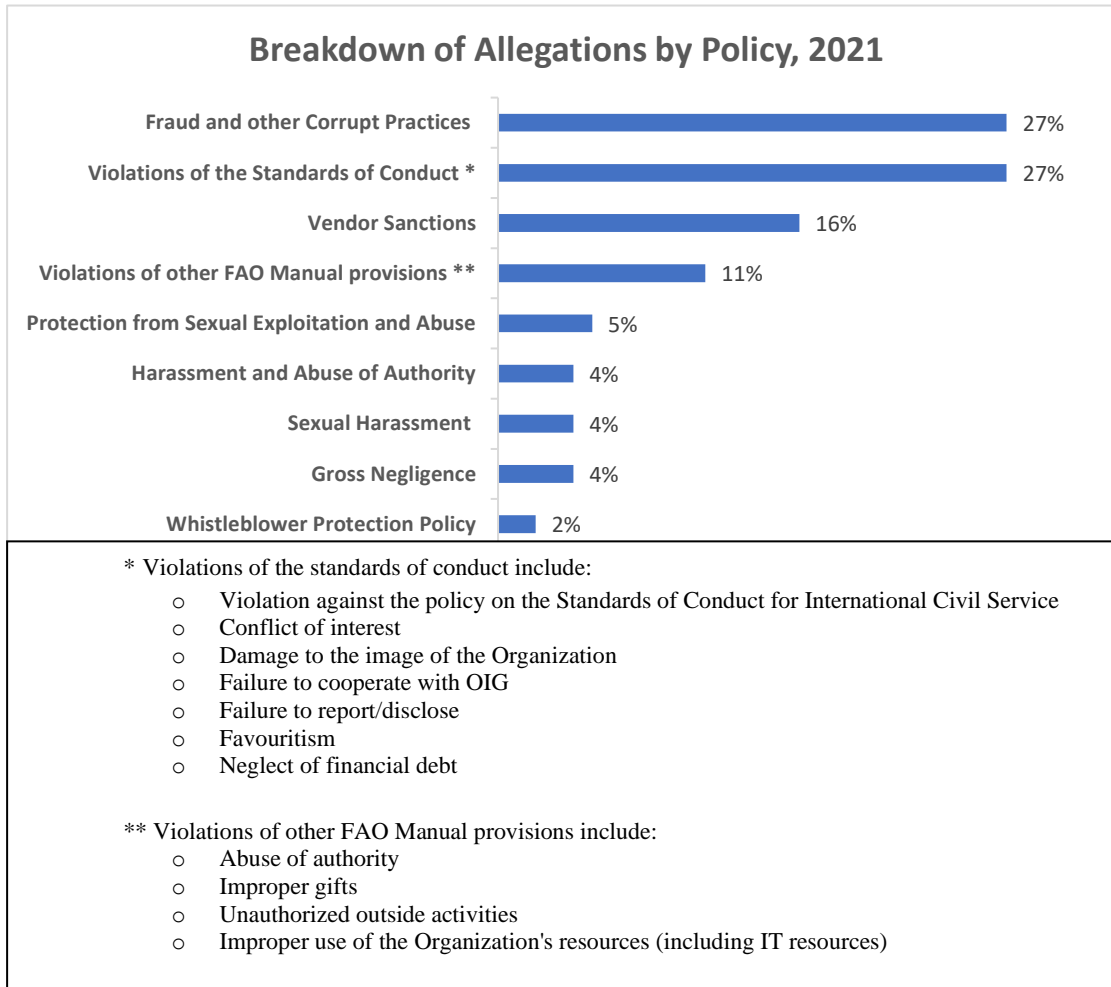
Chart 1: Number of new complaints, cases and allegations in 2021



27. There has been a consistent trend of increased reporting over the past few years which has continued into the present reporting period where the number of complaints was 214, up from 170 in 2020, an increase of approximately 26 percent.

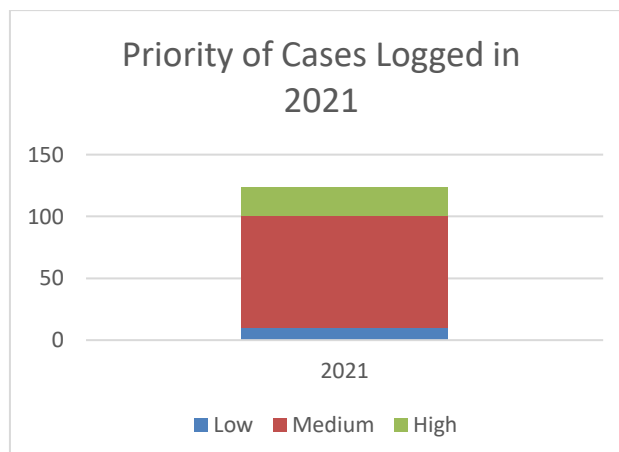
28. Chart 2 below presents a breakdown of allegations received in 2021.

Chart 2: Breakdown of allegations received in 2021



29. OIG assigns each case a priority as part of the intake process (low/medium/high, based on a set of standardized criteria including the type of allegation, value of any alleged fraud and the seniority of the alleged subject) to assist in managing the allocation of limited investigative resources (see Chart 3 below). OIG notes that cases involving allegations of harassment, abuse of authority (including all forms of discrimination), sexual harassment and sexual exploitation and abuse (SEA) are high-priority matters and tend to be more complex and resource intensive to review than others (e.g., fraud cases) typically because of their reliance on significant volumes of testimonial evidence.

Chart 3: Priority of Cases Logged in 2021



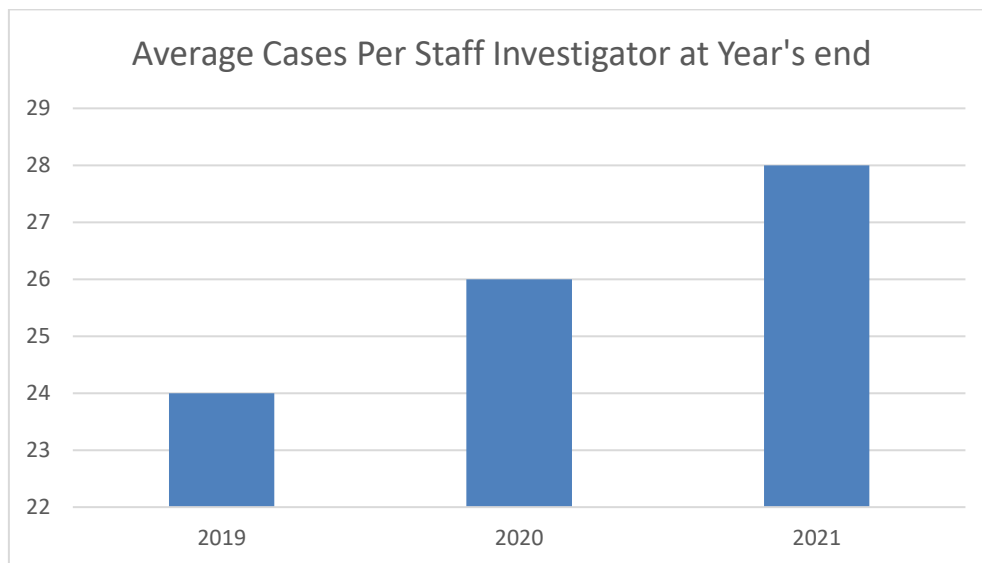
30. In 2021, OIG received one additional investigator post at the P-4 level. OIG also received additional resources to engage consultants to assist with the Office's increasing workload. The result of these additional resources has been an increase in the investigative output of the Office's Investigations Unit from 31 investigation reports and memoranda in 2020 to 40 investigation reports and memoranda in 2021. The increase in resources, together with the new intake function, has allowed OIG to begin clearing the backlog of cases, reducing the number of matters open for over 18 months to approximately 14 percent of the caseload at year end 2021, down from approximately 16 percent as of 31 December 2020.

31. The above positive trends notwithstanding, in 2021:

- Each investigator, including staff and consultants, carried an average caseload of 31 cases (on the basis of the total caseload of 251 for the year; see paragraph 33 below).
- The average number of open cases per investigator, including staff and consultants, on board as at 31 December 2021 was 14 cases.
- The average number of open cases per investigator, taking into account staff on regular posts only, as at 31 December 2021 was 28 cases (see Chart 4 below).

32. All of these different averages are above the Joint Inspection Unit's recommended ten cases per investigator at any given point in time.⁵ Therefore, assessing and, if warranted, investigating, medium and especially low priority matters, even if credible, may not be possible.

Chart 4: Average Cases Per Staff Investigator at Year's end



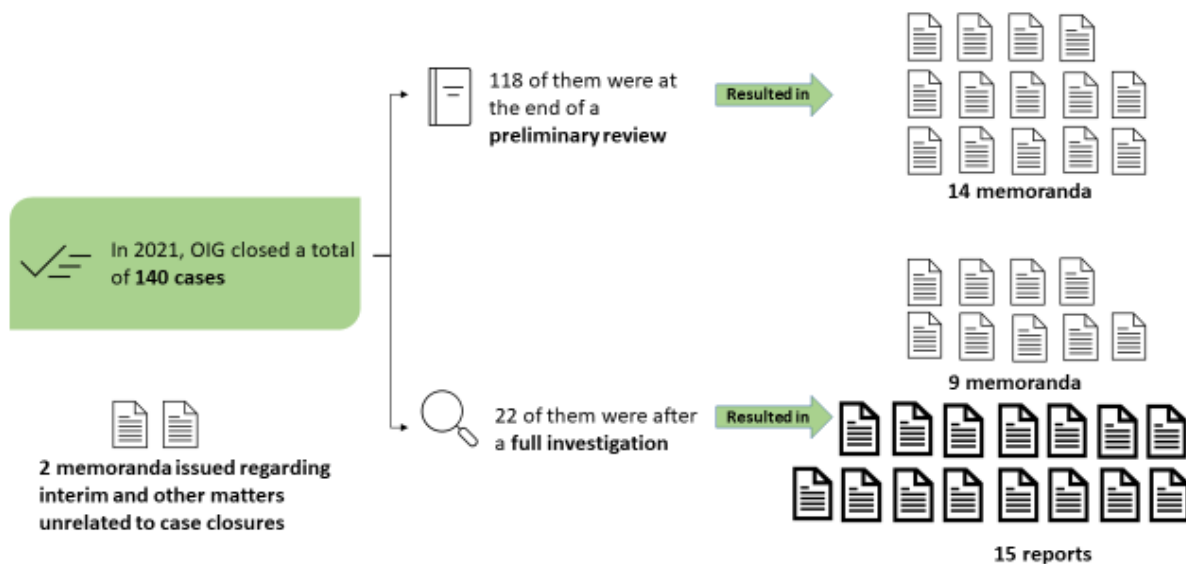
Case closure and investigative outputs

33. OIG started 2021 with a carryover caseload of 127. Over the course of the reporting period, OIG opened 124 new cases for a total caseload of 251. OIG closed 140 cases as detailed below, leaving 111 cases open at the end of the year. The majority of cases were closed following the conclusion of preliminary reviews. Of those cases that were closed after a full investigation, 70 percent substantiated allegations of misconduct and the rest were either unfounded or unsubstantiated.

⁵ [JIU/REP/2020/1 \(unjiu.org\)](https://unjiu.org/REPRODUCTION/2020/1)

34. OIG issues investigation memoranda to highlight any matters detected during the course of preliminary reviews or investigations that need to be brought to the attention of management, such as matters relating to weaknesses in internal controls, work environment, or staff conduct that would not result in a formal disciplinary process. These memoranda supplement OIG's investigation reports to senior management issued at the conclusion of investigations with findings and conclusions on allegations of misconduct against FAO personnel. Investigation reports regarding third parties (e.g., contractors and implementing partners) are issued to the Vendor Sanctions Committee pursuant to FAO's Vendor Sanctions Procedures. Summaries of OIG's investigation memoranda (23) and investigation reports (15) with investigation-related findings and the administrative or disciplinary measures taken based on the investigative findings, as well as descriptions on two additional memoranda issued to management regarding interim and other matters, are contained in Annex A. The reasons for closure in all other matters are recorded in OIG's confidential files. Chart 5 below provides an overview of the stages when these 40 investigation reports and memoranda were issued.

Chart 5: Stages of Issuance of Investigation Outputs



35. In addition to the above, OIG issued ten requests for temporary suspension of vendors to the Vendor Sanctions Committee. Nine of these requests were granted by the Committee in 2021, while the remaining case was still pending at the end of the reporting period. Investigations in seven of these matters were ongoing, while two had been closed without a request for sanctions procedures and one was pending a decision on sanctions at the end of the reporting period.

Policy-specific reporting

Policy on the Prevention of Harassment, Sexual Harassment and Abuse of Authority (Administrative Circular 2015/03)

36. During the reporting period, OIG opened six new cases under the Policy on the Prevention of Harassment, Sexual Harassment and Abuse of Authority. Of these, two were closed as unfounded, and one complaint was withdrawn. Three matters remain under review, in addition to four cases opened before the reporting period.

37. OIG issued one investigation report and four investigation memoranda with findings relating to allegations of harassment and abuse of authority. All but one of these five cases related to

allegations that a supervisor used an inappropriate tone of voice in their interaction with their direct reports and that the supervisor made decisions regarding work assignments or recruitment based on non-work-related reasons (e.g., personal feelings toward the complainant). Additional details, including OIG's recommendations and administrative action taken by management on these cases, can be found in Annex A.

Policy on the Prevention of Sexual Harassment (Administrative Circular 2019/01)

38. During the reporting period, OIG opened seven cases relating to allegations of sexual harassment under the Policy on the Prevention of Sexual Harassment. Of these, one case was closed as unfounded, while another was closed as unsubstantiated in line with the victim-centred approach following the affected individual's request that the matter not be pursued further due to their concern of potential negative consequences.

39. Of the five cases open at the end of 2020, one was closed as unsubstantiated, another was withdrawn, while three remain under review. In total, as of 31 December 2021, eight cases involving allegations of sexual harassment were under review by OIG.

Policy on Protection from Sexual Exploitation and Abuse (Administrative Circular 2013/27)

40. During the reporting period, OIG opened six cases under the policy on the Protection from Sexual Exploitation and Abuse. Of these, one was closed as unfounded, another was outside of OIG's mandate and referred to another United Nations entity, while two were closed shortly after the reporting period (February 2022) as unsubstantiated. Two cases remain open.

41. As recommended by OIG, as of 2021, FAO has contributed to the United Nations Secretary-General's public reporting mechanism on SEA (the iReport SEA Tracker). OIG duly recorded all SEA complaints received during 2021 in the iReport SEA Tracker.

VII. Advisory activities

42. During the reporting period, OIG continued to provide advisory services on particular subjects or events to clarify facts or provide information to management to assist in decision-making. These advisories are mostly ad hoc, short duration services at the request of management. OIG responded to 188 such requests in 2021, which was almost double the number of requests received in 2020 (96).

43. As was the case throughout 2020, advisory work on funding agreements (framework and project agreements) was the main advisory activity, accounting for 39 percent of all advisory requests, an increase of 10 percent compared to 2020. During the reporting period, OIG participated with other FAO divisions and offices in a number of lengthy negotiations with some donors. OIG's role in these discussions was primarily intended to clarify the single audit principle which is increasingly being challenged by donors' various requirements for project due diligence, monitoring and oversight. OIG has already raised this issue in its previous Annual Report but, in OIG's opinion, the situation is becoming more acute. For example, OIG increasingly finds itself compelled to defend its sole authority to undertake investigations in FAO. OIG has discussed with management on numerous occasions the types of donor demands that are acceptable as opposed to those that would "cross the line", not only in terms of violation of the single audit principle but also regarding data confidentiality, administrative inefficiency and the inadequacy of support cost recovery. Similarly, in coordination with the oversight offices of three other United Nations entities, OIG developed a document titled "*Key Principles: Considerations for audit and investigation clauses in UN agency agreements with donors*", as a guide for discussions on audit, verification and investigation clauses in donor framework agreements.

44. In addition to the above, OIG contributed to the update of FAO's corporate fraud risk register by providing advice on possible fraud risks and corresponding mitigating controls; provided input to

Joint Inspection Unit (JIU) terms of reference and draft reports covering areas of relevance to FAO; offered advice and support to the Compliance Team of the Office of Emergencies and Resilience in its risk and compliance assessments of Decentralized Offices; and coordinated with the Digitalization and Informatics Division on a review commissioned to assess the risk of cyber fraud at FAO. Finally, OIG received frequent requests for advice relating to policies under development, delegation of authority arrangements and requests for write-offs.

45. Advisory services may also involve special reviews, either at management's request or as proactively identified by OIG, and result in the issuance of advisory memoranda. In 2021, OIG issued two audit memoranda to management related to:

- proposed improvements to the processing of requests for rental subsidies to reduce the risk of double payments (OIGM 0721); and
- observations on functionality gaps in in-house applications developed by FAO Somalia to track cash and input distribution to beneficiaries (OIGM 1121).

46. During 2021, OIG continued to participate as an observer in a number of FAO committees and boards, including the Internal Control Board, Committee on Workplace Conduct and Protection from Sexual Exploitation and Abuse, Investment Committee and FAO Credit Union Board of Directors. OIG also participated in an ad hoc working group to discuss the management of the Staff Welfare Fund and the relationship between FAO and the FAO Staff Coop.

VIII. Collaboration activities

Collaboration with the other oversight functions

47. OIG continued cooperating closely with the External Auditor of FAO, the Comptroller and Auditor-General of India. This cooperation included, *inter alia*, coordination of respective workplans, information-sharing on recurring audit issues in Decentralized Offices, and joint analysis of outstanding audit recommendations.

48. Regular collaboration took place between OIG and the Office of Evaluation (OED) throughout the year. Examples of this included coordination of the audit and evaluation work on cash-based interventions, the FAO Representation in Somalia and the Subregional Office for the Caribbean. OIG also contributed to OED's real-time evaluation of the COVID-19 response and recovery programme.

49. The External Auditor and OED were routinely copied on final internal audit reports.

50. OIG attended all three meetings of the OAC. OIG audit and investigation work was a standing item on the agenda of these meetings. In addition, the Inspector General had a private session with the Committee during each meeting. OIG appreciates OAC's support for its work and welcomed all the recommendations raised by the Committee for OIG's attention.

Collaboration with key integrity stakeholder offices

51. OIG collaborated closely with members of the FAO Integrity Network, consisting of OIG, the Ethics Office, Ombudsman, CSH, Legal Office and Staff Counsellor, on promoting ethics, staff integrity and fraud prevention in the Organization. This included regular meetings and joint activities on clarification of roles and responsibilities of the different integrity stakeholder offices, awareness-building on workplace conduct through webinars and provision of communication material and guidance, and data analysis of work environment-related complaints and grievances received by the Integrity Network members. OIG is leading an Integrity Network working group tasked with reviewing and revising FAO's integrity-related policies.

IX. Cooperation activities with other United Nations system oversight offices

52. In accordance with its Charter, OIG liaises and cooperates with the internal oversight offices of other United Nations system organizations with a view to contributing to the adoption of best practices and cohesion of oversight. During the reporting period, OIG continued to cooperate with the oversight offices of the United Nations system and other international organizations.

53. The annual United Nations Representatives of Internal Audit Services (UN-RIAS) conference was cancelled due to COVID-19 related restrictions. However, OIG participated in the three virtual UN-RIAS meetings that were held during the year. In addition, OIG:

- contributed to online surveys initiated by various UN-RIAS member organizations related to enterprise risk management, medical services, staff entitlements, use of audit management software, protocol services, communication functions and digitization of documents;
- participated in a virtual gathering of IT audit practitioners on the theme of auditing data governance; and
- cooperated with two UN-RIAS member organizations on their audits of implementing partners and education grant entitlements.

54. The twenty-first Conference of International Investigators was organized virtually by WFP with the collaboration of the two other Rome-Based Agencies (RBAs) – IFAD and FAO. The conference was attended by more than 500 professionals and consisted of several plenaries and workshops discussing relevant topics. Of particular relevance were the publications that CII had endorsed: CII Information Sharing Framework and CII General Principles for Core Investigative Activities. The latter includes six separate volumes to greatly expand on the current principles within CII's Uniform Principles and Guidelines for Investigations to provide more in-depth, principles-based guidance to investigative offices conducting these activities.

55. OIG participated in three virtual meetings of the United Nations Representatives of Investigation Services (UNRIS). The meetings discussed best practices in addressing abusive behaviour allegations; information sharing and reporting on SEA allegations; investigation of sexual harassment cases; donor reporting; lessons learned from investigations conducted during the COVID-19 pandemic; and recommendations raised in the JIU report on the State of the Investigation Functions in the United Nations System.

56. On 1 June 2021, OIG virtually hosted the Joint Meeting of the Oversight Offices of the RBAs. The event was long overdue, as it had been cancelled in 2020 due to the COVID-19 pandemic. The meeting focused on the "Use of data and digital technologies by the RBA audit and investigation functions" and over 90 participants joined from the three agencies. The event provided the opportunity to share experiences in managing the three offices' work remotely, despite the challenges of the COVID-19 pandemic, and to give feedback on various data and technology innovation initiatives under way or planned to be implemented in each of the offices.

X. Quality assurance and improvement programme activities

57. As required by the OIG Charter, the Inspector General maintains a quality assurance and improvement programme. A key element of this programme is to maintain a fit-for-purpose Audit Manual for the internal audit function. OIG made two amendments to its Audit Manual during the year. OIG also updated the audit programme for Decentralized Offices taking into account changes in the Gender Policy, FAO Manual and new risk areas and to incorporate improved data analytics for remote audits. In October 2021, following the recommendations of an external consultant, OIG improved its audit work planning methodologies. Other recommendations aiming, *inter alia*, to make OIG's audit procedures more agile and efficient are in the process of being implemented.

58. Another key aspect of the quality assurance and improvement programme for OIG's internal audit function is its audit management software. In 2021, OIG completed a major upgrade of its software, TeamMate+. The upgrade brings new functionalities, better integration of the different modules and enhanced ease of use.

59. As reported last year, FAO's investigation function was subject to an external assessment in 2019 which confirmed that the investigation function was in conformity with the Uniform Principles and Guidelines for Investigations in International Organizations and in compliance with the OIG Charter, the Guidelines for Internal Administrative Investigations and other applicable policies. During 2021, OIG concluded implementation of the recommendations included in the external assessment report. As part of the action plan for implementing these recommendations, new Investigations Guidelines were issued. Standard Operating Procedures were also updated which codify specific aspects of the investigation process in more detail, supplementing the Investigation Guidelines. OIG also introduced an intake function for the receipt and initial review of complaints as detailed above (see paragraph 26).

60. Furthermore, at the end of 2021, OIG purchased a new case management system for roll-out during the first half of 2022. The system will be customized to match not only the internal processes of an investigation, but will also guarantee the confidentiality of information in line with modern standards. The methodology applied to the new case management system will analyse information with updated criteria and produce reports with more granular information.

XI. Gender mainstreaming

61. OIG promotes gender mainstreaming in its activities, and obtaining and maintaining gender parity and diversity among its staff is a strategic priority. The Office has appointed a Gender and Diversity Focal Point who participates in gender focal point network meetings and knowledge sharing sessions, and supports gender mainstreaming activities and goals in OIG. As part of its audit work, OIG assesses FAO's progress towards gender mainstreaming. In particular, in audits of Decentralized Offices, gender mainstreaming in programme and project management is a focus area that is systematically reviewed and reported on. Over the past three years, there have been gradual improvements in implementation of controls over gender mainstreaming activities. For example, unlike in previous years, gender markers had been systematically assigned to new projects in 2021. Nonetheless, there were further areas for improvement. Of the four completed audits of Decentralized Offices in 2021, internal controls over gender mainstreaming were assessed as "Some Improvement Needed" in two offices and as "Major Improvement Needed" in the other two.

XII. Management of resources

Financial resources

62. OIG ended 2021 with a surplus of USD 487 000. The surplus stems mainly from the extraordinary savings in travel costs (USD 233 481) and higher than expected savings in staff costs (USD 291 909) due to the postponement of field missions as a consequence of the COVID-19 pandemic and delays in the planned recruitment of staff. These savings were partially offset with a deficit in other non-staff expenditure. It should be noted that, in 2021, OIG benefitted from an additional budget allotment of approximately USD 536 000 compared to its original annual budget allotment, thanks to the carryover of the surplus achieved in 2020 and additional allocations authorized by the Director-General (USD 200 000 to strengthen the investigation function, fully utilized, and USD 36 000 to cover the costs of an external hotline, not utilized due to the protracted procurement process). In addition, OIG received additional income amounting to USD 36 000 to cover staff costs for an ad hoc project audit in Yemen. Without these, and in a year of normal travel activity, OIG estimates it is likely to have incurred a deficit of approximately USD 200 000.

63. The breakdown of OIG's expenditure in 2021 was as follows:

Table 3: 2021 Expenditure*

Expenditure	Budget	Actuals	% of total expenditure	Balance (surplus/deficit)
Staff costs	4,196,196	3,904,287	80.37%	291,909
Consultants	194,414	604,087	12.44%	(409,673)
Travel	254,679	21,198	0.44%	233,481
Other non-staff costs	625,972	269,324	5.54%	356,648
Training	74,500	58,695	1.21%	15,805
Sub-total	5,345,761	4,857,591	100.00%	488,170
Additional income	5,000	4,068		932
Total				487,238

*Preliminary figures based on iMIS data retrieved on 10 March 2022.

64. For the 2022–23 biennium, OIG received additional resources for the investigation function. Effective 1 January 2022, OIG has two new P-3 Investigator posts (onboarding for both posts is in progress at the time of writing), as well as funding for non-staff resources to, *inter alia*, hire investigation consultants. There was a shortfall of USD 431 000 in the final allotment compared to what OIG had requested but management has indicated that additional resources will be provided if the situation so warrants. Given the stable growth in incoming complaints and OIG's involvement in a number of FAO's integrity initiatives, investigation resources are likely to continue to be stretched in the near future. Therefore, it is likely that OIG will need to make a request for additional resources in the first year of the biennium.

Staff and other personnel

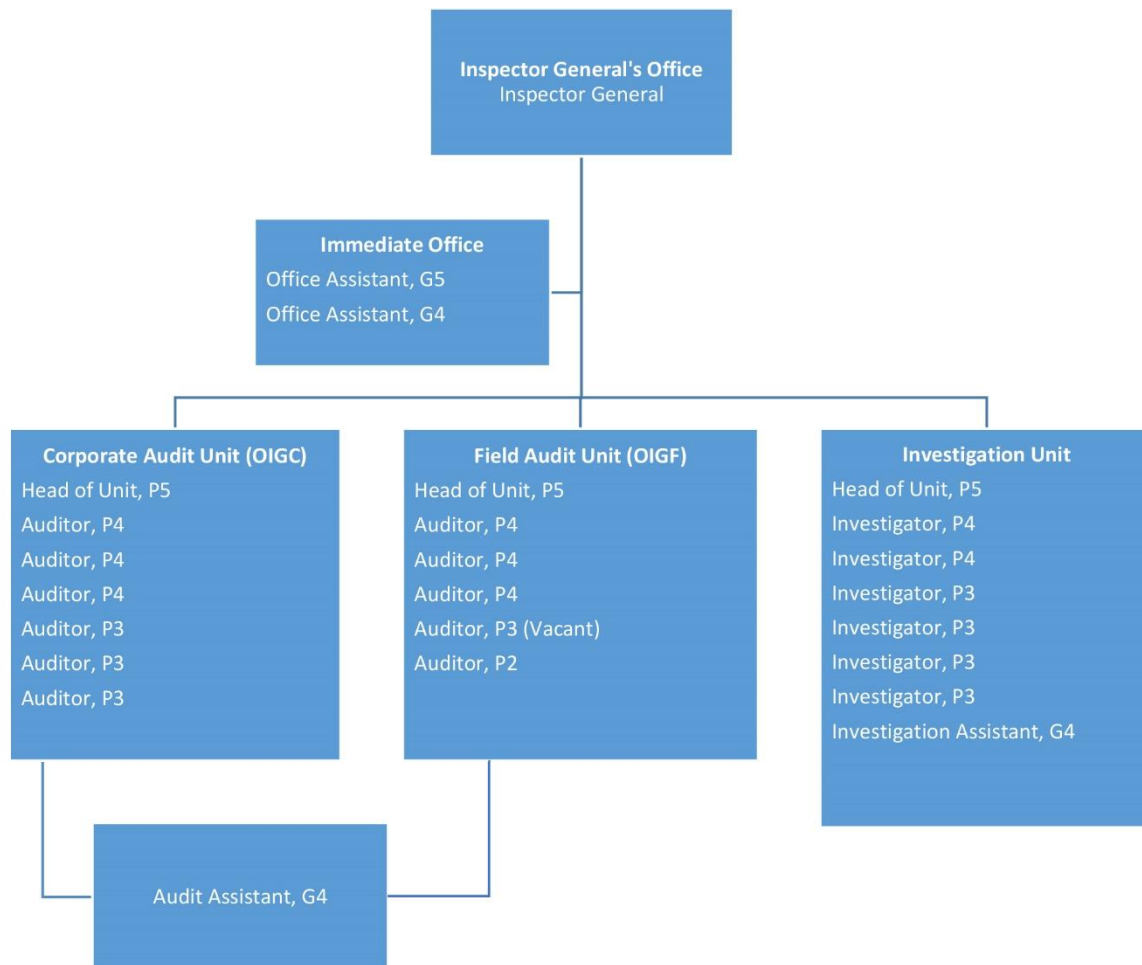
65. One P-3 auditor position was vacant as of 31 December 2021. All of the other 24 approved staffing positions in OIG were filled. In addition to regular staff, as of 31 December 2021, OIG had five consultants under contract (one in audit and four in investigations).

Table 4: OIG staffing table as at 31 December 2021

	Grade	Male	Female	Vacant	Total
Inspector General	D2	1			1
Office Assistant	G5	1			1
Office Assistant	G4	1			1
Sub-total IG's Office		3			3
Internal Audit					
Senior Auditor/Head of Unit	P5	1	1		2
Auditor	P4	3	3		6
Auditor	P3	1	2	1	4
Auditor	P2		1		1
Audit Assistant	G4		1		1

Sub-total Internal Audit		5	8	1	14
Investigation					
Senior Investigator/Head of Unit	P5	1			1
Investigator	P4		2		2
Investigator	P3	2	2		4
Investigation Assistant	G4	1			1
Sub-total Investigations		4	4		8
Total OIG		12	12	1	25

Chart 6: OIG Organization Chart as at 31 December 2021



Professional development

66. In 2021, OIG's staff development plan focused primarily on online training with limited travel opportunities to attend face-to-face training due to continued COVID-19 related restrictions. The plan comprised training priorities and the needs of OIG staff members to ensure continuous enhancement of their skills and knowledge. For auditors, training courses related to innovations in audit, fraud identification, auditing culture and surveying skills; and for investigators, training related to interviewing techniques and investigating via social media. Additionally, OIG staff prioritized the completion of FAO mandatory training and other relevant internal training such as cybersecurity, sexual harassment, procurement and financial management. On average, OIG staff spent 11 days on

training in 2021, a significant increase compared to 2020 (6.3 days) which reflects the strategic importance that OIG places on continuous staff development.

XIII. Performance indicators

67. OIG continued to monitor and report to the Director-General and the OAC on internal performance indicators regarding its core work and management. Due to the COVID-19 pandemic and related restrictions on travel, delays and inefficiencies associated with having to conduct audit and investigation work remotely, as well as some lengthy staff absences on sick leave, some of the achievement rates fell significantly below the performance target during 2021. Details are shown in Table 5 below.

Table 5: OIG performance indicators

#	Indicator	Target	As of 31 December 2020	As of 31 December 2021
OIG core work				
1	Coverage of high-risk areas: Percentage of high-risk assignments in the audit workplan	60%	59%	63%
2	Audit plan implementation: Actual vs. planned assignments	100%	100%	84%
3	Average days to complete audit assignments (days charged)	<100 days	92 days	111 days
4	Average months to complete audit assignments (calendar months from start to final report)	6 months	9 months	12 months
5	Audit client satisfaction rate (on a rating scale of 1 to 6)	>4.0	5.2	5.0
6	Investigations completed within timeline	100%	60%	44%
7	Investigation recommendations implemented within one year	>90%	89%	56%
8	Audit recommendations accepted (= agreed actions)	>90%	100%	100%
9	Outstanding agreed actions older than two years	<10%	21%	40%
10	Audit reports per auditor	2	1.92	1.02
11	Oversight Advisory Committee action points addressed	100%	100%	100%
OIG management				
12	Vacancy rate	<8.5%	7.5%	4.0%
13	Mandatory training completed by OIG personnel	>90%	98%	99%
14	Auditors with professional certification	100%	100%	100%
15	Training days per member of OIG personnel	10 days	6.3	11
16	Absenteeism rate (below FAO average): Uncertified sick leave	<1.7 days	2 days	1.7 days
17	Absenteeism rate (below FAO average): Certified sick leave	<7.7 days	7.5 days	2.1 days

Annex A: Summary of 2021 investigation reports, investigation memoranda and pending recommendations from prior year

Table 1: Summary of 2021 investigation reports and memoranda and related management action concerning FAO personnel

INV0121 (FEB-2021)	OIG concluded that a former staff member submitted false Travel Declarations together with false documentation in relation to Home Leave travel in violation of the Policy on Fraud and Other Corrupt Practices (Administrative Circular 2015/08), the Standards of Conduct for the International Civil Service (Manual Section 304), and Manual Sections 322 and 403 (Home Leave and Family Visits, respectively). The former staff member was barred for any future employment with the Organization and the amounts fraudulently claimed were recovered.
INV0221 (MAR-2021)	OIG concluded that a staff member with managerial responsibilities requested a consultant to perform work without a valid contract, authorized payments for work purportedly done without a contract, and failed to conduct due diligence in relation to the payment to ensure that work was actually done on behalf of FAO, amounting to gross negligence within the meaning of Administrative Circular 2016/23. The disciplinary measure of demotion was proposed; however, the staff member retired before it could become effective. A note to file has been placed in the staff member's personnel file
INV0321 (APR-2021)	OIG concluded that a former consultant knowingly altered a medical certificate and submitted it to FAO to facilitate issuance of their consultancy contract, in violation of the Standards of Conduct for the International Civil Service (Manual Section 304). A note to the file was placed in the consultant's personnel file.
INV0521 (JUN-2021)	OIG concluded that a staff member with managerial responsibilities behaved in a manner that reasonably resulted in a subordinate being offended, perceiving that they were excluded from their role in the office, and that also resulted in the creation of a hostile work environment amounting to a violation of the Policy on the Prevention of Harassment, Sexual Harassment and Abuse of Authority (Administrative Circular 2015/03), as well as the staff member's obligations as a manager under the Standards of Conduct for the International Civil Service (MS 304, Appendix A). The staff member was issued a written reprimand and was required to take management training.
INV0621 (JUL-2021)	OIG concluded that a staff member provided confidential information to a candidate applying for a position with the Organization, and made disparaging and discriminatory comments to the candidate about a colleague applying for the same position, in violation of the Standards of Conduct for the International Civil Service (MS 304, Appendix A). The staff member was suspended for one month without pay.
INV0721 (SEP-2021)	OIG concluded that a staff member knowingly created documentation containing false and misleading information, and directed subordinates to prepare and submit such false and misleading documentation to assist another in obtaining an undue benefit in violation of the Policy Against Fraud and Other Corrupt Practices (AC 2015/08), amounting to an abuse of their authority under MS 330, and a violation of their obligations under the Standards of Conduct for International Civil Service (MS 304, Appendix A). OIG recommended disciplinary proceedings, which were ongoing as of 31 December 2021.

INV0821 (SEP-2021)	OIG concluded that a staff member knowingly failed to correct false information in several documents thereby misleading external parties to benefit another party in violation of the Policy Against Fraud and Other Corrupt Practices (AC 2015/08), amounting to an abuse of their authority under MS 330, and a violation of their obligations under the Standards of Conduct for International Civil Service (MS 304, Appendix A). OIG recommended disciplinary proceedings, which were ongoing as of 31 December 2021.
INV0921 (SEP-2021)	OIG concluded that a staff member knowingly signed documentation containing false and misleading information to assist an individual external to FAO in obtaining an undue benefit and directed subordinates to prepare and submit such misleading information to external parties in violation of the Policy Against Fraud and Other Corrupt Practices (AC 2015/08), amounting to an abuse of their authority under MS 330, and a violation of their obligations under the Standards of Conduct for International Civil Service (MS 304, Appendix A). OIG recommended disciplinary proceedings, which were ongoing as of 31 December 2021.
INV1021 (SEP-2021)	OIG investigated allegations of retaliation pursuant to the Whistleblower Protection Policy (Administrative Circular 2021/10) brought by a former member of FAO personnel. OIG concluded that management provided clear and convincing evidence that a decision to terminate an FAO personnel's contract was taken for documented or otherwise recorded managerial purposes and that they would have taken the same action in the absence of the protected activity. OIG recommended that the matter be closed without further action.
INV1121 (SEP-2021)	OIG concluded that a staff member made an arrangement with an FAO retiree that circumvented applicable rules and procedures in the context of human resources and conflict of interest management; intentionally omitted information related to the FAO retiree's role in the context of the approval of a Letter of Agreement, amounting to collusive practices in violation of the Policy Against Fraud and Other Corrupt Practices (AC 2015/08), material violations of MS 507, and breaches of the Standards of Conduct for International Civil Service (MS 304, Appendix A), or at a minimum gross negligence under AC 2016/23. The staff member tendered their resignation before the disciplinary process was finalized. Management action is ongoing.
INV1221 (OCT-2021)	OIG investigated allegations of retaliation pursuant to the Whistleblower Protection Policy (Administrative Circular 2021/10) brought by a former member of FAO personnel. OIG concluded that management provided clear and convincing evidence that its decision not to renew the employment contract in question was taken for documented or otherwise recorded managerial purposes, and that they would have taken the same action in the absence of the protected activity. OIG recommended that the matter be closed without further action.
INV1321 (NOV-2021)	OIG concluded that an FAO consultant participated in political activities while under contract with the Organization in violation of the Standards of Conduct for the International Civil Service. The consultant has been disqualified from service with the Organization for two years.
INV1521 (DEC-2021)	OIG concluded that a staff member failed to take appropriate action to manage a conflict of interest by hiring an FAO retiree with a pensioner consultant contract without mentioning that the latter was also contemporaneously working as the lead consultant under a Letter of Agreement that they signed a month before, in violation of Administrative Circular 2016/23 on gross negligence. OIG recommended disciplinary proceedings, which were ongoing as of 31 December 2021.

INVM0121 (JAN-2021)	OIG concluded that a staff member did not adequately disclose their actual or potential conflict of interest during the recruitment process of a family member and a procurement action involving an FAO vendor. However, OIG identified no indications of possible favouritism arising from these conflicts of interest, and so under the circumstances found it did not amount to misconduct. The staff member received a written reprimand.
INVM0321 (FEB-2021)	OIG concluded that the issues presented by the complainants against their supervisor did not meet the criteria for harassment and abuse of authority under the Policy on the Prevention of Harassment, Sexual Harassment and Abuse of Authority (AC 2015/03). Nonetheless, OIG considered that the issues presented may represent significant managerial deficits by the supervisor in question and referred the matter to CSH and the Deputy Director- General for information and action as appropriate.
INVM0421 (MAR-2021)	OIG reviewed allegations that structural changes in a Country Office were implemented to exclude national personnel from positions of authority for racist reasons. OIG identified no indications of racism or other misconduct in the changes made in the office. OIG shared its findings with the relevant Regional Representative and the FAO Country Representative for information and action, as appropriate.
INVM (MAY-2021)	OIG issued a memorandum to a Regional Office and CSH regarding potential weaknesses in internal controls in the recruitment process followed at a Country Office with the recommendation that support be given to the incoming FAO Representative to address the potential control issues.
INVM0721 (JUL-2021)	While OIG concluded that available evidence was insufficient to open an investigation into allegations of workplace harassment and discrimination, the information was sufficient to indicate potential shortcomings in a staff member's managerial style. OIG referred the matter to CSH for appropriate action.
INVM0821 (JUL-2021)	While OIG found that available evidence could provide the basis to conduct a formal investigation into allegations of harassment, considering that the individual alleged to have engaged in harassment had resigned and the complainant withdrew their complaint, the matter was closed and referred to CSH for information.
INVM0921 (JUL-2021)	While OIG concluded that available evidence was insufficient to open an investigation into allegations that a staff member created a hostile work environment, the information was sufficient to indicate potential shortcomings in a staff member's managerial style. OIG referred the case to CSH for information.
INVM1021 (JUL-2021)	OIG concluded that a candidate for a consultancy with FAO had an undisclosed conflict of interest with two entities doing business with FAO, in violation of the Standards of Conduct for the International Civil Service (Manual Section 304). OIG referred its findings to CSH and the Ethics Office for information as the individual in question had not had an employment relationship with FAO for several years.
INVM1221 (AUG-2021)	During the course of an investigation into allegations of fraud and other corrupt practices related to the procurement of animal feed and its distribution to beneficiaries, OIG identified gaps in internal controls and made recommendations to the Country Office's management to strengthen the office's ability to detect and prevent similar situations in the future.

INVM1321 (AUG-2021)	During the course of an ongoing review, OIG found evidence that a member of FAO personnel's affiliation with a prospective and former FAO implementing partner amounted to an undisclosed conflict of interest and referred the matter to the Ethics Office and the relevant Country Office for further action as appropriate in relation to an ongoing procurement action. The investigation was ongoing as of 31 December 2021.
INVM1421 (OCT-2021)	While OIG concluded that available evidence was insufficient to warrant opening an investigation into allegations of discriminatory conduct on the basis of religion, the information was sufficient to indicate a lack of sensitivity or awareness by the staff member in question. OIG referred the matter to the Country Office Representative and CSH for information and action as appropriate.
INVM1621 (NOV-2021)	OIG found that a former member of FAO personnel knowingly provided misleading information to the Organization that resulted in their receiving payment. OIG recommended that appropriate administrative action be taken in respect of the former consultant. A flag was placed in the personnel file of the individual in question.
INVM1721 (NOV-2021)	OIG concluded that actions taken on a staff member's workstation amounted to a breach in the use of FAO IT resources and posed risks to the data and reputation of the Organization, but that the staff member was not responsible for the breach. While negligent, the staff member's actions did not amount to misconduct. OIG referred the case to CSH for information and action as appropriate.
INVM1821 (NOV-2021)	OIG concluded that while available evidence was insufficient to open an investigation into allegations that a staff member created a hostile work environment, the information was sufficient to indicate potential problems in the work environment and office dynamics that could warrant consideration from a managerial perspective. OIG referred the case to CSH for information and action as appropriate.
INVM1921 (NOV-2021)	OIG found that a staff member serving as Chair failed to attend Local Procurement Committee meetings resulting in a significant breakdown in internal controls thereby exposing FAO to unnecessary risks in procurement. OIG referred the case to CSH for information and action as appropriate.
INVM2021 (NOV-2021)	OIG concluded that a member of FAO personnel whose contract was ending provided false or misleading information at the time of their recruitment with FAO, by failing to disclose that they had been the subject of a substantiated case of misconduct of sexual nature while employed with another United Nations agency. Considering that the personnel's contract was coming to an end, OIG referred the matter to CSH so that the situation could be clarified with the other United Nations agency and take any administrative action, as needed.
INVM2121 (DEC-2021)	OIG reviewed a complaint of sexual harassment against a member of FAO personnel; however, the affected individual requested that the matter not be pursued further due to their concerns of potential negative consequences. For this reason, following the victim-centred approach, the matter was closed as unsubstantiated. The above notwithstanding, given the gravity of the allegations, OIG forwarded the available information to CSH for information and action as appropriate.
INVM2221 (DEC-2021)	OIG concluded that an FAO consultant's repeated refusal to be interviewed in connection with allegations that they had an undisclosed conflict of interest, despite being reminded of their obligation to cooperate, amounted to a failure to cooperate in violation of their contractual obligations with the Organization. OIG referred its findings to CSH for information and action as appropriate.

INVM2321 (DEC-2021)	OIG concluded that a member of FAO personnel engaged in a political activity in a manner inconsistent with the obligations set out in their contract with the Organization. OIG referred its findings to CSH for information and action as appropriate.
INVM2421 (DEC-2021)	OIG concluded that the lack of training for personnel working in procurement led to serious shortcomings in how procurement was handled in the implementation of an FAO project and referred its findings to the Country Office involved to ensure that personnel are properly trained and equipped to handle procurement processes, and other action as appropriate.

Table 2: Summary of 2021 investigation reports and memoranda and related management action concerning FAO vendors or implementing partners

INV0421 (MAY-2021)	OIG concluded that an implementing partner knowingly or recklessly misrepresented the manner in which it implemented the activities under a Letter of Agreement and the quantity of inputs distributed, as well as the training and services rendered, to the designated beneficiaries, amounting to a fraudulent practice under section 1.2.12(ii) of FAO's Vendor Sanctions Procedures, and therefore a sanctionable action. OIG recommended that the Vendor Sanctions Committee begin proceedings against the implementing partner pursuant to sections 3.1.1 and 3.2.1 of the Organization's Vendor Sanctions Proceedings. The sanctions procedures are pending completion with the Procurement Service (CSLP).
INV1421 (DEC-2021)	OIG concluded that two vendors colluded in preparing and submitting their bids in response to an Invitation to Bid from an FAO Country Office, amounting to collusive practices under section 1.2.12(iii) of FAO's Vendor Sanctions Procedures, and therefore a sanctionable action. OIG recommended that the Vendor Sanctions Committee begin proceedings against the two vendors pursuant to sections 3.1.1 and 3.2.1 of the Organization's Vendor Sanctions Proceedings. The sanctions procedures are pending completion with CSLP.
INVM0221 (JAN-2021)	OIG concluded that an FAO supplier failed to disclose an actual or perceived conflict of interest when submitting its bids for consideration. However, OIG found that such conduct did not amount to sanctionable action and recommended that CSLP consider this information in the context of its management records and ensure the supplier is aware of its disclosure obligations in accordance with applicable terms and conditions. CSLP sent the supplier a reminder to ensure it is aware of its disclosure obligations and made a note in its management records of this case.
INVM0621 (JUN-2021)	OIG concluded that there was insufficient evidence to establish that two prospective FAO vendors engaged in collusive practices in the submission of their bids, but there was evidence that they may have shared materials related to their bids. CSLP reminded the vendors of their obligations under the United Nations Supplier Code of Conduct.
INVM1121 (AUG-2021)	OIG considered the evidence insufficient to conclude that an FAO implementing partner colluded with an FAO retiree in the award of a Letter of Agreement with FAO so that the implementing partner could recruit the retiree at a higher honorarium than if they had been hired directly by FAO as a consultant. OIG recommended that CSLP remind the implementing partner to uphold the highest standards of ethics adhering to the United Nations Supplier Code of Conduct.

Table 3: Summary of 2021 investigation memoranda issued to management regarding interim and other matters

INVM0521 (JUN-2021)	OIG issued a memorandum to CSH outlining proposed procedures to follow in referring non-investigative findings to management.
INVM1521 (OCT-2021)	OIG provided interim investigative findings to CSLP relating to alleged violations of the United Nations Supplier Code of Conduct by an FAO vendor so that appropriate interim action could be taken.

Table 4: Summary of pending recommendations from 2020 investigation reports and management action taken during 2021 concerning FAO personnel

INV0820 (MAY-2020)	OIG concluded that an FAO staff member's decision not to extend a consultancy contract amounted to retaliation against a consultant due to the latter having engaged in a protected activity, amounting to a violation of the FAO Whistleblower Protection Policy (Administrative Circular 2019/06). The Staff Member received the disciplinary measure of summary dismissal.
INV1220 (MAY-2020)	OIG concluded that a staff member misrepresented information in order to secure a relocation grant in violation of the Organization's Policy Against Fraud and Other Corrupt Practices (Administrative Circular 2015/08). The staff member was suspended for one month without pay.
INV1920 (JUL-2020)	OIG concluded that the involvement of a staff member on an external agency governing board did not amount to an undisclosed outside activity, but the staff member failed to adequately declare a conflict of interest in relation to a Letter of Agreement and also failed to disclose their involvement in the external agency in the context of a visit to FAO by the agency Executive Director. The staff member received a written reprimand.
INV2020 (JUL-2020)	OIG concluded that a staff member engaged in an unauthorized outside activity arising from their involvement with two different private companies, and used their official position with the Organization to benefit these two companies. OIG also found that the staff member attempted to recruit personnel from these two companies to work directly for FAO in exchange for personal favours and pecuniary gain. The staff member was dismissed.
INV2320 (SEP-2020)	OIG concluded that a consultant made sexually suggestive comments and engaged in unwelcome conduct of a sexual nature in violation of the Policy on Prevention of Sexual Harassment (Administrative Circular 2019/01) and the Standards of Conduct for the International Civil Service (Manual Section 304). The consultant's contract was terminated and their name included in the ClearCheck database.

INV2420 (OCT-2020)	<p>OIG concluded that a former consultant inappropriately touched and propositioned another consultant, and also acted in a manner that the consultant should have known would cause offence to a third consultant in violation of the Policy on the Prevention of Sexual Harassment (Administrative Circular 2019/01), as well as failed to act in a manner consistent with their obligation under the Standards of Conduct for the International Civil Service (Manual Section 304), in particular paragraphs 42 and 43 thereof. OIG found that the consultant’s relatively more senior position was an aggravating factor. A warning was inserted in the consultant’s personnel file and the consultant was added on the ClearCheck Database.</p>
INV2520 (OCT-2020)	<p>OIG concluded that a staff member made remarks to another staff member, which they reasonably should have expected would cause offence or humiliation, and so violated the Policy on Prevention of Sexual Harassment (Administrative Circular 2019/01) and the Standards of Conduct for the International Civil Service (Manual Section 304). The staff member received the disciplinary measure of one-week suspension without pay.</p>
INV2820 (DEC-2020)	<p>OIG concluded that a consultant misappropriated the equivalent of approximately USD 10 300 in local currency by inducing project beneficiaries to deposit funds in a private bank account to which the consultant had access, amounting to a violation of the Policy Against Fraud and Other Corrupt Practices (Administrative Circular 2015/08). The consultant in question ceased their employment with the Organization before completion of the investigation. OIG recommended that a note be placed in the relevant personnel file and that the matter be referred to the relevant national authorities. The consultant was barred from future employment with the Organization.</p>
INV2920 (DEC-2020)	<p>OIG concluded that a staff member had an undisclosed conflict of interest with a vendor during a procurement action, but that there was insufficient evidence to establish a violation of the Policy Against Fraud and Other Corrupt Practices (Administrative Circular 2015/08). Nevertheless, as the staff member had previously been warned about the need to disclose any potential or actual conflicts of interest, OIG recommended appropriate disciplinary action. The staff member received the disciplinary measure of two-week suspension without pay.</p>

Table 5: Summary of pending recommendations from 2019 and 2020 investigation reports and memoranda and management action taken during 2021 concerning FAO vendors or implementing partners

INV0819 (JUN-2019)	<p>OIG concluded that an FAO supplier engaged in a fraudulent practice in violation of sections 1.2.10 and 5.1.2 of FAO Sanctions Procedures and section 18 of the United Nations Supplier Code of Conduct. Specifically the vendor submitted a false certificate of appreciation as part of its bid for a tender issued by FAO. The Director, Logistics Services Division imposed the sanction of debarment.</p>
INV1319 (SEP-2019)	<p>OIG concluded that a supplier engaged in fraudulent practice in violation of section 1.2.12 (a) (ii) of the Vendor Sanction Procedures when it knowingly provided a false invoice in support of its request for reimbursement inflating the amount due from an FAO Representation by some USD 23 000. The Director, CSL issued a reprimand to the vendor.</p>

INV1619 (OCT-2019)	OIG concluded that an implementing partner engaged in fraudulent practices in violation of Section 1.2.12 (ii) of FAO's Vendor Sanctions Procedures when it knowingly submitted false documentation to FAO in support of its request for reimbursable expenditure under a Letter of Agreement signed with the Organization, in an attempt to obtain payment of some USD 17 000 to which it was not entitled. The Director, CSL imposed the sanction of debarment for one year.
INV0220 (JAN-2020)	OIG concluded that a third-party monitor contracted by FAO knowingly misrepresented its findings relating to cash distributions in a report submitted to the Country Office, amounting to a fraudulent practice under section 1.2.12(a)(ii) of FAO's Vendor Sanctions Procedures. As of the end of the reporting period, finalization of the sanctions procedures was with CSLP.
INV1020 (MAY-2020)	OIG concluded that employees of an FAO vendor requested payment from an FAO supplier in connection with the inspection of goods procured by FAO; and not having received the payment requested from the vendor, made misrepresentations to FAO, amounting to a violation of the United Nations Supplier Code of Conduct, and so a Sanctionable Action under section 1.2.12(b) of the Organization's Vendor Sanctions Procedures. As of the end of the reporting period, finalization of the sanctions procedures was with CSLP.
INV1420 (JUN-2020)	OIG concluded that a vendor: (i) submitted false company records; and (ii) knowingly concealed its affiliation to other companies, including one vendor under temporary suspension for alleged fraud (which OIG later substantiated) and another bidder that participated in the same tender. OIG considered that the conduct amounted to fraudulent practice as set out in paragraph 1.2.12(a) (ii), and a Sanctionable Action pursuant to the FAO Vendor Sanctions Procedures. As of the end of the reporting period, finalization of the sanctions procedures was with CSLP.
INV1520 (JUL-2020)	OIG concluded that a vendor: (i) repeatedly submitted false documents; and (ii) knowingly concealed its affiliation to other seed companies, including with (a) one vendor that was under temporary suspension for alleged fraud (which OIG substantiated); and (b) another bidder that participated in three of the same tenders. OIG considered that the conduct amounted to fraudulent and unethical practices as set out in paragraphs 1.2.12(a)(ii) and 1.2.12(b), and a Sanctionable Action pursuant to the Organization's Vendor Sanctions Procedures. As of the end of the reporting period, finalization of the sanctions procedures was with CSLP.
INV1620 (JUL-2020)	OIG concluded that an FAO supplier had an undisclosed conflict of interest arising from an undisclosed personal relationship with a member of FAO personnel. OIG considered that the conduct amounted to fraudulent and unethical practices as set out in paragraphs 1.2.12(b), and a Sanctionable Action pursuant to the Organization's Vendor Sanctions Procedures. As of the end of the reporting period, finalization of the sanctions procedures was with CSLP.
INV1720 (JUL-2020)	OIG concluded that a vendor: (i) repeatedly submitted falsified documentation; and (ii) knowingly concealed its affiliation to other companies, including with (a) two vendors that were under temporary suspension for alleged fraud (which OIG substantiated); and (b) two other bidders that participated in four of the same tenders. OIG considered that the conduct amounted to fraudulent and unethical practices as set out in paragraphs 1.2.12(a)(ii) and 1.2.12(b), and a Sanctionable Action pursuant to the Organization's Vendor Sanctions Procedures. As of the end of the reporting period, finalization of the sanctions procedures was with CSLP.

INV1820 (JUL-2020)	<p>OIG concluded that two vendors knowingly concealed their affiliation and colluded in relation to an FAO tender. OIG considered that the conduct amounted to both fraudulent and collusive practice, as set out in paragraphs 1.2.12(a)(ii) and 1.2.12(a)(iii), and Sanctionable Actions pursuant to the Vendor Sanctions Procedures. As of the end of the reporting period, finalization of the sanctions procedures was with CSLP.</p>
INV2120 (AUG-2020)	<p>OIG concluded that a vendor submitted false documentation in order to obtain a payment from FAO. OIG considered that the conduct amounted to fraudulent practice as set out in paragraph 1.2.12(a) (ii), and a Sanctionable Action pursuant to the Organization’s Vendor Sanctions Procedures. As of the end of the reporting period, finalization of the sanctions procedures was with CSLP.</p>
INV2620 (DEC-2020)	<p>OIG concluded that an FAO vendor agreed with another company to prepare their bids submitted in response to two Invitations to Bid issued by FAO in such a way as to split the award between the two companies in the event that they should win the tender, amounting to a collusive practice under section 1.2.12(iii) of FAO’s Vendor Sanctions Procedures, and therefore a Sanctionable Action. As of the end of the reporting period, finalization of the sanctions procedures was with CSLP.</p>
INV2720 (DEC-2020)	<p>OIG concluded that an FAO vendor agreed with another company to prepare their bids submitted in response to two Invitations to Bid issued by FAO in such a way as to split the award between the two companies in the event that they should win the tender, amounting to a collusive practice under section 1.2.12(iii) of FAO’s Vendor Sanctions Procedures, and therefore a Sanctionable Action. As of the end of the reporting period, finalization of the sanctions procedures was with CSLP.</p>

Annex B: List of acronyms

CII	Conference of International Investigators
CSH	Human Resources Division
CSL	Logistic Services
CSLP	Procurement Service
GRMS	Global Resource Management System
IFAD	International Fund for Agricultural Development
JIU	Joint Inspection Unit
MS	Manual Section
NSHR	Non-Staff Human Resources
OAC	Oversight Advisory Committee
OED	Office of Evaluation
OIG	Office of the Inspector General
RBA	Rome-Based Agency
SEA	Sexual Exploitation and Abuse
UN-RIAS	United Nations Representatives of Internal Audit Services
UNRIS	United Nations Representatives of Investigation Services
WFP	World Food Programme