

Board of the Centre

82nd Session, Geneva, 25 October 2019

CC 82/4/4

FOR DISCUSSION AND GUIDANCE

FOURTH ITEM ON THE AGENDA

**Report of the Chief Internal Auditor for the year ended 31
December, 2018**

Introduction

1. The Office of Internal Audit and Oversight (the IAO) of the International Labour Office provides internal audit services for the Centre. Chapter VIII, article 18(d) of the Financial Regulations stipulates that the Director of the Centre shall maintain an internal financial control and internal audit. The IAO's mandate is established under article 14.10 of the Centre's Financial Rules, which specifies "the Internal Auditor shall carry out such independent examinations and make such reports to the Director or persons designated by the Director... in order to ensure an effective internal audit in accordance with Chapter VIII of the Financial Regulations."
2. The IAO's mission is to provide the Director of the Centre and the Board with an independent, objective assurance activity designed to add value and improve the Centre's operations. In its work, the IAO adopts a proactive approach to facilitating the assessment of risks and internal controls, and promotes a cohesive approach to risk management in support of management's processes to enhance efficiency, effectiveness and value for money in the activities of the Centre.
3. The IAO does not develop or implement procedures or engage in any activity that it would normally review or appraise or which could be construed as compromising either its independence or objectivity. The IAO has full and free access to all records, personnel, operations, functions and other material relevant to the subject matter under review.
4. The IAO's audit activities conform to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing.
5. The Chief Internal Auditor confirms his independence and that the IAO's activities have been carried out free from interference from management.

Summary of audit results

6. In 2018, the IAO issued three assurance audit reports relating to the Centre's activities:
 - Audit of the Centre's evaluation systems;
 - Review of the Centre's business continuity plan; and
 - Audit of the Centre's travel expenses.
7. IAO did not identify any major weaknesses in the Centre's system of internal control in those areas that were subject to an internal audit. As a result of its activities, IAO did make a number of recommendations to improve internal control processes. The findings and recommendations are summarized below.

Review of Evaluation Systems

8. The audit found that management has implemented controls to evaluate its training course offerings and that 87% of participants attending training activities in 2016 completed training course evaluations.

9. However, the audit identified opportunities to prepare a strategy for developing the information systems infrastructure required to support its evaluation systems over the medium to long term. This would inform the Centre on changes required to maintain and improve its analysis of evaluations as the volume of information captured increases over time.
10. The Centre uses a combination of applications to conduct surveys of training course participants. A strategy, setting out a plan to develop a knowledge warehouse would facilitate the aggregation of information and simplify data analysis and reporting.
11. The audit identified opportunities to improve controls over the conduct of knowledge acquisition testing. This would help trainers better assess the knowledge acquired by participants who attended a course. To assist trainers in this task, the Centre should finalise its draft standards and guidelines it introduced and tested in 2016 on a pilot basis for conducting knowledge acquisition testing.
12. In addition, IAO made recommendations to enhance capturing and refining the quality of data to support improvements in courses, such as evaluating the Centre's trainers individually, introducing mandatory fields in end-of-course evaluations and documenting instances where participant feedback has resulted in changes to training course offerings.

Review of Business Continuity Planning

13. The results of the audit indicated that management has conducted intensive consultations with key staff members to prepare a comprehensive scenario-based business continuity plan, which it finalized in July 2018.
14. The Centre maintains two on-site data centres which are arranged in a redundant configuration to ensure service continuity if one data centre is rendered inoperable. However, the Centre has not conducted a test to simulate the failure of one of the two on-site data centres. The Centre therefore may not be able to guarantee the operability of its business applications should a disaster occur. Testing would highlight any problems that would need addressing to ensure the effectiveness of the backup system should the need arise.
15. The Centre established a Rapid Response Team (RRT) to enable it to respond quickly to any type of business continuity issues arising from emergencies, which is a good practice. The RRT is comprised of staff members from most of the Centre's units. At the time of audit, the Training Department had not nominated staff to participate in the RRT and had not documented its business processes for operating manually in the event that its business applications are unavailable. As a result, the RRT may not be fully equipped to respond to situations requiring involvement from the Training Department. Moreover, in the event that its business application to administer its training course participants (the MAP Application) is unavailable, the Training Department may not be adequately prepared to manage this process manually.
16. The audit also recommended that the Centre include its Oracle application in the list of business applications to be restored at the third-party backup facility. To help ensure

an efficient restoration of data should there be a disaster, which results in both the Centre's data centre becoming inoperable, IAO recommended the Centre develop a systematic plan to purchase and configure the necessary hardware to restore the Oracle application.

17. Lastly, the Centre would benefit from having a copy of the business continuity plan located at the third-party backup facility to provide the Centre's IT staff with the information required to restore operations if the business continuity plan needs to be invoked at the third-party facility.

Review of Travel Expenses

18. IAO found that the Centre manages its travel arrangements in accordance with the applicable policies and procedures, and in several instances, officials negotiated better value for money allocations with external lecturers and consultants, which demonstrates that officials actively apply cost control practices.
19. The results of the audit indicated that the Centre maintains policies, rules and procedures for mission travel, statutory travel, travel for external collaborators and lecturers, as well as for participants. These are issued as Circulars by various departments, or are promulgated in other formats. The volume of documents makes it difficult for officials to refer to the applicable policy directive, which increases the risk that officials do not apply all travel-related policies correctly and consistently. IAO also noted a gap in the policy concerning participants that require an accompanying person to travel and lodge with them. The Centre would therefore benefit from preparing a consolidated travel policy and accompanying procedure.
20. The audit also found that the Centre recognizes its duty to follow all security requirements under the United Nations Security Management System (UNSMS), and its policies reflect this fact. IAO found that security clearance was obtained for Centre staff prior to travelling. However, the same was not true for consultants (individuals) performing work for the Centre. The UNSMS requires staff and consultants from United Nations agencies to abide by its policies. Failure to respect security requirements means that the consultants' security may be put at risk. IAO therefore recommended that the Centre assess how it could best ensure compliance with UNSMS requirements.

Audits planned in 2019

21. The IAO plans to commence the field work for the audit of payroll at the Centre in September 2019. The Chief Internal Auditor shall provide an oral update on this audit at the Board meeting in October 2019.

This report is submitted to the Board for discussion and guidance.

Turin, 20 August, 2019