

Board of the Centre

86th Session, October 2022

CC 86/4/3

FOR DISCUSSION AND GUIDANCE

FOURTH ITEM ON THE AGENDA

Report of the Chief Internal Auditor for the year ended 31 December 2021

I. 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 that "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.

II. Summary of Audit Results

5. In 2021, the IAO issued one assurance audit report relating to the project the Centre is undertaking to renovate the Africa pavilions 10 and 11. IAO reported no critical audit findings in the report issued. The audit found that overall, controls over the renovation of the pavilions, were operating effectively. The Centre established a governance structure

and the steering committee, which was meeting regularly to provide direction and guidance to the project team. However, IAO noted the risk that the non-structural requirements for renovating the pavilions 10 and 11 may change when the Board provides clear direction regarding the Centre's future operating model and this may result in additional project costs. IAO made one recommendation of medium significance to address this risk.

6. IAO undertook a second review of the renovation works for the Africa pavilions in 2021 and issued its assurance audit report in April 2022. The Chief Internal auditor will provide an oral update on the report issued in April 2022 and the audits in progress during the Board meeting in October 2022. IAO was able to undertake a mission to Turin to conduct this audit.

III. Audits planned in 2022

7. IAO is conducting a third assurance audit of the Africa Pavilion renovation works to review the quality assurance processes that aim to ensure the renovation is conducted in accordance with the agreed specifications. IAO visited the Centre in August 2022 to undertake this audit.
8. IAO is conducting an advisory review of the Centre's Medical Service, through an agreement with an external audit firm, RSM Risk Assurance Services.
9. Since the Centre's response to the COVID-19 situation involves changing its business model to focus more on digital training, the IAO also plans to conduct an audit of digital governance towards the end of 2022 if time and resources permit, otherwise this will be conducted in 2023.

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

August 2022