FOR INFORMATION

FOURTH ITEM ON THE AGENDA

Follow-up to the recommendations of the Chief Internal Auditor for the year ended 31 December, 2018

Introduction

1. The Chief Internal Auditor of the International Labour Office (ILO), who is also the Internal Auditor of the Centre, presented at the 81st Session of the Board (October 2018) a report on significant findings resulting from its internal audit assignment undertaken at the Centre in 2017.[1]

2. Based on a risk assessment of the Centre's business operations, the Office of Internal Audit and Oversight (IAO) issued two assurance audit reports in 2017 as follows:

    - The first audit focused on the review of the pre-implementation phase for the revised Procure-to-Pay process in Oracle. The audit did not identify any major control weaknesses but contained some high significance recommendations regarding project management. The final report was issued in February 2017.

    - The second audit focused on the review of the Management of Activities and Participants (MAP) database. The audit did not identify any major control weaknesses but contained two high significance recommendations on a centralized marketing strategy and improved database security. The final report was issued in May 2017.

3. This paper reports on the follow-up actions undertaken in 2018 on the IAO's recommendations on the above audits. All high priority recommendations contained in the Internal Auditor's reports to the Board in October 2018, along with the Centre's responses and details of completed follow-up actions, are set out in the Appendix.

4. The Centre will continue to work with the IAO and keep the Chief Internal Auditor informed on the progress of the implementation of any outstanding recommendations.

Turin, 12 August 2019

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[1] CC 80/4/3.

Recommendation No.	Recommendation	Centre response	Implementation status
Audit of the pre-implementation review of revised procurement process			
1	The Centre should develop a budget for the procurement section of the Streamlining Project, showing a complete list of items requiring expenditure and estimated amounts of planned expenditure for all items.	A complete budget for the completion of the procurement project was developed showing each item and their related estimated costs. This project is now completed.	Implementation completed
2	When developing future project proposals, the Centre should ensure that the responsible managers develop project budgets which list the best estimate of all anticipated project costs, and should track expenditure against planned expenditure to ensure effective project cost control. This will require the preparation of detailed project plans to ensure that all project activities which incur cost are identified at the planning stage of the project.	Management agreed to the recommendation and will now follow this approach for all future projects.	Implementation completed
3	When developing future project proposals, the Centre should make best efforts to define and quantify the benefits of implementing projects in financial terms where possible, and compare them with the associated project costs.	Management agreed and when possible, will quantify the benefits from such projects.	Implementation completed
4	The Centre should adhere to the principle of implementing standard business processes available in the Oracle system as far as possible and should limit the customisation of the Oracle system's standard business processes. In addition, management should follow through on its intention to implement the following elements of the procurement process in the Oracle system, which are in accordance with the best practices for implementing Enterprise Resource Planning systems: - Automatic and sequential purchase order numbering; - Acceptable tolerances for variations in price and quantity between supplier invoices, purchase orders and goods and service receipts; - Segregation of duties between preparing and approving purchases of goods and services;	Management has implemented all best practices listed in the recommendation in the Oracle system Procure-to-Pay process and workflow.	Implementation completed

Recommendation No.	Recommendation	Centre response	Implementation status

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	- Segregation of duties between approving purchase orders and acknowledging the receipt of goods and services for the items ordered; and - Appropriate approval delegation rules to ensure that only authorised staff with sufficient knowledge and experience are permitted to approve purchase orders on behalf of their supervisors.		
5	The Project Team should continue to make every effort to address the issues raised by staff members such as the receiving of goods and services in Oracle prior to the finalisation of the procurement process which should ensure a smoother transition to the new procurement process.	The Treasurer and an ICTS staff member carried out visits to other Rome-based agencies in order to discuss various issues being faced by the Centre including how receiving was being carried out by them in Oracle. Subsequently, a staff information session was held on the automation of the process and this included some of the proposed changes which would impact their work. Training sessions were also provided to all staff prior to the full implementation of the automated system.	Implementation completed
6	The Project Team should develop the full list of project tasks required to complete the project which will permit effective progress monitoring of all project tasks.	A complete list of project tasks was defined and used in order to monitor and complete the project.	Implementation completed
7	The Project Team should continue to develop the full test plan including scenarios for individual transaction tests, integration tests and user acceptance tests with the expected results of the tests.	A full test plan was developed as described and carried out during the testing phase of the project and prior to the actual implementation of the new process.	Implementation completed

Audit of the Turin Centre's Management of Activities and Participants' Database

Recommendation No.	Recommendation	Centre response	Implementation status
1	The Centre should determine the relative costs and benefits of continuing with a distributed approach to social media and database	A cost benefit analysis was carried out of selected social media and database marketing channels	Implementation

Recommendation No.	Recommendation	Centre response	Implementation status

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	marketing and compare the results with what the Centre could achieve by developing a Centre-wide, consistent approach for marketing its training programmes with a single database for all units in the training department.	used by the Centre and led to the development of a marketing plan for the 2018-19 biennium.	completed
2	The Centre should develop an overall, coordinated marketing strategy for its training operations, including an approach for database marketing (distributed or centralised) as well as other viable marketing channels including social media.	A marketing strategy for training activities and media productions was developed and is being coordinated by the Training Department.	Implementation completed
3	Contingent upon the outcome of recommendation 1 above, the Centre should assign/delegate the overall responsibility for developing a standard approach for the Centre's database marketing and social media programmes to an appropriate staff position, and establish an organisational structure to support the implementation of the marketing strategy in accordance with the outcome of the cost-benefit analysis in recommendation 1. The Centre should retain sufficient flexibility to engage third-parties (and staff from the International Labour Organisation) to provide advisory services in formulating the marketing strategy and defining the optimal organisational structure required to implement the strategy.	This is completed and these responsibilities are now assigned to the Office of the Director of Training.	Implementation completed
4	The Centre should develop exception reports to alert key personnel when staff have used the reports to extract large quantities of participant records form the MAP database and follow-up to determine whether such use is for a proper purpose on a case by case basis.	Such reports have been developed and are now operational.	Implementation completed