

Board of the Centre

89th Session, November 2025

CC 89/5/2

FIFTH ITEM ON THE AGENDA

Plan for the audit of the 2025 Financial Statements



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Annual Audit Plan for the External Audit of
International Training Centre of ILO
for the year ending 31 December 2025

Introduction

1. The Comptroller and Auditor General of India (CAG) has been appointed as the External Auditor of the International Training Centre (ITC) of the ILO from 2024-27. The audit plan presented here is derived from a strategic audit plan based on risk assessment, covering the period from 2024 to 2027, aimed at enhancing audit efficiency and maximizing assurance to stakeholders.

Audit Mandate

2. External Audit draws its mandate from Article 24 of Financial Regulations of the ITC which states that The External Auditor of the ILO is the External Auditor of the Centre.

3. The External Auditor's mandate is established in Chapter IX of the ITC's Financial Regulations. The Regulations require that the External Auditor shall report to the Board on the audit of the financial statements of the Centre and on other matters that should be brought to its attention.

4. Further, Article 25 mandates that –

- a. the audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the Board.
- b. the External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Centre.
- c. The External Auditor shall be completely independent and solely responsible for the conduct of the audit.

Audit Approach and Methodology

5. The financial and compliance audit of ITC will be conducted using a risk-based approach, wherein areas identified as having a higher risk of material misstatement will receive enhanced audit procedures. Sampling techniques will be utilized to perform substantive tests on financial transactions and balances, ensuring statistical validity. Internal controls will be reviewed and tested to assess their effectiveness in preventing and detecting fraud or errors. Audit procedures will include analytical reviews of financial statements to identify discrepancies and trends, as well as physical verification of significant assets. Engagement with key stakeholders such as the internal audit

department and finance personnel will also be undertaken to ensure a comprehensive understanding of the ITC's financial operations.

6. The nature and extent of any work done by the ILO's Office of Internal Audit and Oversight (IAO) and any external review body will be considered in establishing the scope and objectives of our audit plan.

7. Audit scope will include review of the implementation of the audit recommendations made during the previous years' audit.

8. Upon the completion of the audit, the deliverables will include an Audit report expressing an opinion on the ITC's financial statements, along with a management letter with any recommendations for improvement.

9. We will apply a risk-based audit approach, in line with the International Standards on Auditing (ISA) and International Standards of Supreme Audit Institutions (ISSAI). This approach consists of the following phases:

Risk Assessment

10. Material Misstatements: Conduct risk assessments of material misstatements at the financial statement and assertion levels, based on a comprehensive understanding of the ITC and its internal control environment.

11. Risk Maturity: Assess the risk maturity of the Center, including the Board's risk management framework and the extent to which risks are identified, assessed, managed, and monitored.

Audit Planning

12. Prioritization of Areas: Identify and prioritize areas that require objective assurance, such as key risks, risk management processes, and compliance with internal policies.

13. Stakeholder Assurance: Address areas that stakeholders have identified as requiring enhanced audit focus.

Execution and Communication

14. Before commencement of field audit, an entry meeting with the management will be held to explain and agree upon the audit objectives, scope and focus areas.

15. Audit Fieldwork: perform audit testing based on identified risks, covering compliance, efficiency, and control assessments.
16. Stakeholder Discussions: to present audit findings to ITC management, ensuring mutual agreement on recommendations and facilitating the resolution of deficiencies.

Integration with Internal Oversight

17. The audit will be coordinating its efforts with the work performed by the Office of Internal Audit and Oversight (IAO), to ensure a comprehensive and cost-effective audit plan.

Sources of Funding and Budgeting

18. The financial statements of ITC are prepared on the accrual basis of accounting in accordance with International Public Sector Accounting Standards (IPSAS) and fully comply with all the applicable standards effective as at 31 December 2025. The ITC's financial period for budgetary purposes is a biennium consisting of two consecutive calendar years. The financial statements are prepared annually. The functional and presentation currency of the ITC is the Euro (€).
19. The Revenue of ITC primarily consists of voluntary contributions, contributions from training and non-training activities, multimedia services, etc.
20. For voluntary contributions during 2025, Government of Italy is expected to be the biggest contributor (€ 7,850 thousand), followed by ILO (€ 5,043 thousand), Government of Portugal (€ 250 thousand) and City of Turin (€ 180 thousand).

Period of Audit Scope

S/N	Primary Nature of Audit	Audit Scope (Duration to be Covered)
1	Financial Audit	One Year (Last Financial Year)

2	Compliance Audit	<p>Compliance Audit: One complete financial year and remaining period till the date of start of audit.</p> <p>The audit may extend backwards in time to follow complete trail of a current transaction (within scope period) in the previous year(s).</p> <p>Auditors may use previous years data for trends analysis.</p>
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Audits to be conducted during audit cycle 2025-26

S. No	Topic	Place
1	Financial Audit of ITC	Remote (2 weeks) (17-28 Nov 2025) and onsite at Turin, Italy (3 weeks) (02 Feb to 20 Feb 2026)
2	Compliance Audit with special focus on audit of Audit of Training activities.	

21. The dates of the above audits have been communicated with ITC management for their confirmation.

Audit Objectives

- (i) To express an independent opinion as to whether:
- the financial statements present fairly, in all material respects, the financial position of the ITC as of 31 December 2025, and the results of its financial performance, its cash flows and the comparisons of budget to actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).
 - the financial statements have been prepared in accordance with the stated accounting policies.
 - the accounting principles have been applied on a basis consistent with that of the preceding financial period.
 - the transactions that have come to our notice during the audit of the financial statements have, in all significant respects, been made in compliance with the Financial Regulations and legislative authority.

(ii) to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization (Chapter IX of the Financial Regulations).

Focus Areas in relation to the Financial and Compliance Audit

Financial Audit

- Compliance with IPSAS, Accounting Policy, financial rules, Investment Policy etc.
- Adequacy of existing framework of treasury management including the system of monitoring and forecasting cash balance by Treasury.
- The periodicity and reasonable consideration for booking the amount under correct head.
- Assets accounting and verification including procurement, depreciation and disposals.
- Working Capital fund related issues.
- Revenue Recognition and related issues.

Compliance Audit with a focus on Audit on Training activities.

22. The International Training Centre of the International Labour Organization is the training arm of the ILO. The vision of the Centre is to be a global leader in the sustainable provision of high-quality capacity development services for governments and workers' and employers' organizations, grounded in the principles of respect for international labour standards, social dialogue and tri-partism, that advance social justice as a condition for transformative change in the world of work. The mission of the Centre is to deliver capacity development services to governments, employers' and workers' organizations, and other national and international partners, in support of decent work and sustainable development.

23. The Centre serves three target groups. The ILO's constituents – workers' organizations, employers' organizations and ministries of labour – are the first and primary target group. Secondly, the Centre provides capacity development services to ILO staff at the headquarters and in field offices. Thirdly, the Centre reaches out to other ILO partners, with a mandate to promote decent work and social justice.

24. The core business of the Centre is the provision of learning services outside formal education. A learning service is a sequence of activities designed to enable learning, and

involving on one hand at least one person engaged in learning (the learner) and on the other a person who works with the learners to assist them with learning (a facilitator). Centre undertakes various kind of training activities pertaining to several technical programmes under its several Branches – Development Investment, Employers’ Activities, Employment Policy and Analysis, Workers’ Activities, etc. Each Branch is headed by a Program Manager reporting to Director of Training.

25. Learning Services of the Training Department include training and advisory services. The training services of the Centre are delivered either face-to-face at the Turin campus, throughout the world in the field, or via distance learning.

Key Audit Objectives

26. **To assess the effectiveness and adherence to the Annual Training Plan**, including whether it was prepared in advance, the frequency of changes, and alignment with Key Performance Indicators (KPIs) set in the Programme & Budget document.

27. **To evaluate the operational and financial impact of deviations from the Training Plan**, including extra travel costs, participant cancellations, and their effect on tailor-made courses and resource utilization.

28. **To review the extent and quality of training outreach and digital transformation efforts**, and whether these initiatives align with the Centre’s vision, mission, and statutory objectives, including the source of investment (e.g., Innovation Fund or ICT Fund).

29. **To examine the relevance, uptake, and quality of training courses**, including adequacy of enrolments across branches, course content alignment with the Centre’s mission, and the effectiveness of participant feedback mechanisms and course evaluations.

30. **To verify compliance and adequacy of financial and administrative processes**, including review of selected funding agreements and travel-related expenditures for adherence to payment terms, procurement protocols, and correct coding in financial systems.

Focus Areas for the Audit

- Whether Annual Training Plan has been devised in advance.

- Whether new courses have been added in the year as mentioned in the KPI in the P&B document
- Whether too many changes have occurred in Training Plan.
- Cost implications/Extra Travel costs due to changes can also be checked.
- Whether participants cancel their participation due to changes in the course
- Whether these changes effect the other Tailor-made courses while effecting the optimal utilization of the resources of these institutes.
- Impact of these changes on the revenue stream of the institute
- Whether adequate efforts have been made to increase the Training Outreach of the Centre.
- Whether Centre's efforts for promoting non-training activities align with Centre's vision, mission and statute.
- Whether commensurate digital transformation has taken place to keep pace with the technological changes. Source of investment for these technological changes (Innovation Fund or ICT Fund)
- Whether the course content aligns with vision and mission of the Centre.
- Whether different branches have adequate enrolments within the course.
- Whether course evaluation mechanism is satisfactory.
- Whether participant feedback is being analysed and actions have been taken.
- Check a sample of funding agreements as signed between ITCILO and Other Stakeholders (State, Non-States, Banks etc.) for meeting payment schedules and other linked conditions.
- With reference to travel, check vouchers on sample basis to check timely issue of Purchase Orders, amounts, oracle codes etc.

Audit materiality

31. Our audit requires us to determine the materiality for each engagement. This amount is also used to evaluate the significance of uncorrected misstatements (past adjustments and reclassifications) noted during the audit. The audit materiality will be arrived at during the interim audit, which will result in planning the nature and extent of substantive checks by the Audit.

Audit Work Plans

32. Detailed Audit work plans and programmes, including audit procedures and specific audit objectives will be developed for each audit area identified.

Audit deliverables

1. Reports to the Board

- a) Independent Auditor's Report: Expresses the audit opinion on the financial statements.
- b) Long Form Report: Provides detailed observations on financial procedures, internal controls, and management practices.

2. Reports to Management:

- a) Management Letters: Outline recommendations for improving systems of internal control.

Audit Milestones

Activity	Tentative Dates
Presentation of Audit Plan	October 2025
Interim Audit (Remote Audit)	17 November to 28 November 2025
Year end audit	2 February to 20 February 2026
Issue of draft Long Form Report	20 March 2026
Response to Draft Long Form Report by ITC to SAI India	24 March 2026
Signed Audit Opinion and Final Long-form Report	1 April 2026

Audit Management and Quality Assurance

33. To ensure the quality and impact of the audit process, an internal review mechanism will be in place to evaluate the practicality and value-addition of all proposed recommendations, while maintaining adherence to international audit standards. This quality assurance framework will align with the International Standards on Auditing (ISA) and the International Standards of Supreme Audit Institutions (ISSAI) to ensure consistency, reliability, and adherence to best practices.

34. The recommendations, aimed at enhancing governance and strengthening internal controls, will be thoroughly discussed during the Exit Conference, fostering mutual agreement and alignment with ITC's objectives.

35. The reporting process will embody the principle of “no surprises,” featuring an elaborate framework that allows management to respond to the audit findings at each stage of the process, thereby facilitating an open dialogue and ensuring that any concerns are addressed in a timely manner.