Board of the Centre

77th Session, Turin, 30 - 31 October 2014   **CC 77/7/3**

FOR INFORMATION

SEVENTH ITEM ON THE AGENDA

Follow-up to the recommendations of the Chief Internal Auditor for the year ended 31 December, 2013

Introduction

1. The Chief Internal Auditor of the International Labour Office (ILO), who is also the Internal Auditor of the Centre, presented to the Board during its 75th Session in October 2013, a report on significant findings resulting from its internal audit assignments undertaken at the Centre in 2012. Based on a risk assessment of the Centre's business operations, the Office of Internal Audit and Oversight (IAO) performed, in 2012, an audit on the costing of the Centre's training activities and an audit on the cost-sharing methodology of campus expenditure and issued its final reports in July and October 2013 respectively.

2. This paper reports on follow-up action taken by the Centre on IAO's recommendations on the audits issued in 2013 and the status of recommendations as previously reported to the Board.

3. All high priority recommendations contained in the Internal Auditor's report to the Board in October 2013, along with the Centre's responses and details of completed follow-up actions, are set out in Appendix I.

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

Turin, 17 June, 2014

Appendix I

Recommendation No.	Recommendation	Centre response	Implementation status	Completion date
Audit of income generated from training activities				
1	In 2011, the Centre commissioned a business process review (BPR) of its activities, which had begun while the audit was taking place. The terms of reference of the BPR cover aspects of income generated from training activities. Therefore, the implementation of any changes as a result of IAO recommendations and findings will need to be considered after the conclusion of the BPR.	The BPR Team concluded its work on the recommendations made by the BPR Project Team. Tools developed are a budgeting tool, guarantees module for recording and monitoring funding agreements, enhanced invoicing tool, a new version of MAP (an activity planning tool) which no longer requires a manual update of certain data but can read them automatically from Oracle and a tool to manage revenue transfer across years.	Fully implemented	February 2014

Recommendation No.	Recommendation	Centre response	Implementation status	Completion date
IT Security Audit				
1	**Access control** Formalize the process of logical access control (including remote access), defining the workflow to manage accounts and profiles, to grant, remove and regularly review access rights. Strengthen the password policy (password length, complexity, expiration) on all applications and systems. Conduct with the appropriate business stakeholders a regular review of the users and access rights. Sensitive information should not be accessible from the Internet unless under strict control and all data should be sent encrypted.	A Service Catalogue, addressing the formal procedures on granting, changing and removing user access to the IT systems, has been issued. A password policy is documented and included in the "IT Use Policy." With the migration of the network domain from Novell to Microsoft, the implementation of the strengthened password policy on all application and systems was completed. ICTS regularly coordinates and reviews with HRS any staffing changes and their access rights. User accounts and their access rights are reviewed on a monthly basis. ICTS completed the required additional cryptographic controls in all systems including laptops and shared drives, and implemented communication channels and exchange documents with secure file transfer.	Fully implemented	February 2014

Recommendation No.	Recommendation	Centre response	Implementation status	Completion date
Investigation of the outstanding debts				
1	Clearly establish roles, responsibilities and decision making process of Financial Services and programme managers in cases where activities continue under an agreement with a sponsor without income having been received in accordance with the terms of the agreement.	The signature authority was amended to incorporate the conditions, risk assessment, exception processes and the responsibilities of Financial Services and the programme managers to continue the implementation of activities pending receipt of income.	Fully implemented	May 2013
2	Expand the terms of reference of the Finance Committee to ensure more scrutiny over debtors and timely remedial action.	The terms of reference of the Finance Committee were amended in 2012. The review of outstanding debts is included as a regular agenda item for Finance Committee meetings. Improved collection efficiency is being maintained.	Fully implemented	August 2012

Recommendation No.	Recommendation	Centre response	Implementation status	Completion date
Audit on the costing of training activities and cost-sharing of Campus expenses				
1	Review the cost allocation model to provide a more accurate calculation of contribution to fixed costs and enhance the management information to support the decision making process.	The Centre will include in its 2015 workplan the implementation of an appropriate cost allocation model.	In progress	
2	Investigate the possibility of making greater use of IT systems to support the allocation model taking into account cost benefit considerations.	IT solution options have been presented and reviewed by potential developers in 2013, considering the utilization of systems platforms that are already in use at the Centre. The options and working partnership arrangements presented were not viable. The Centre will revisit the identification of a possible IT solution in 2015 within available resources.	Not implemented	
3	Revisit the cost sharing methodologies used to recover all relevant costs with an objective of applying a more consistent and equitable cost recovery system for the Centre, UNICRI and UNSSC. Formalize the methodology in a policy document to facilitate any change in the campus environment or parties concerned.	The report of the consultants, PwC, was shared with both UNICRI and UNSSC in December, 2013. Preliminary discussions with UNSSC and UNICRI took place in March 2014. A policy document will be formulated as soon as an agreement is reached with UNSSC and UNICRI on the campus sharing methodology and principles.	In progress	
4	Enter into discussions with UNSSC and UNICRI to revise the cost sharing agreements.	The Parties to the cost-sharing agreements are the ILO and the UN. Any changes to the agreements have to be agreed between them. The Centre has communicated to the UN, UNSSC and UNICRI, the ILO's interest to revisit and revise the agreements.	In progress	