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Organización de las
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FINANCE COMMITTEE

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2018 Annual Report of the Inspector General

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FC 175

EXECUTIVE SUMMARY AND DIRECTOR-GENERAL'S COMMENTS

- The Inspector General is pleased to provide the Finance Committee with the 2018 Annual Report of the Office of the Inspector General (OIG) as provided to the Director-General. The report contains information on the audit, investigative and inspection work of OIG in 2018, as well as its internal management.
- OIG's audit activity is based on a rolling plan aimed at ensuring that all the Organization's high risks, as captured in an OIG corporate risk register, are independently reviewed over a three biennia cycle under OIG's current resourcing; also taking into account the oversight coverage of the Office of Evaluation and the External Auditor. OIG investigates reports and complaints of fraud, corruption, harassment, sexual harassment, abuse of authority and other forms of misconduct in a timely manner.
- The Annual Report provides detailed information on the results of OIG's audits and investigation work during 2018. These are in line with similar OIG's findings for the previous year. OIG recognizes the positive measures undertaken in 2018 as part of FAO's ongoing efforts to become a significantly stronger results-oriented, risk conscious and accountable Organization. At the same time, OIG's findings in 2018 indicate that important challenges remain in a number of areas that are essential for the Organization's transformation to be sustained and for greater efficiencies to be achieved.

Director-General's Comments

- The Director-General appreciates OIG's audit, investigation and inspection work and policy advice, which has supported the management and governance of the Organization.
- The Organization's senior managers are accountable for ensuring appropriate implementation of agreed OIG recommendations, which are subject to periodic review during the year and at year-end. These include the recommendations in the important areas covered by OIG in 2018. Pursuant to the Finance Committee's request at its 148th session, management is pleased to report that long outstanding high-risk recommendations, presented in the past as an Annex of the Inspector General's Annual Report, are now closed. This will be supplemented by further update by management representatives at the Finance Committee's 174th session, and the status of recommendations will be monitored in OIG's periodic activity reports to the Director-General.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to take note of the Inspector General's Annual Report for 2018.

Draft Advice

The Finance Committee:

- **appreciated the quality of the report and the analysis of issues presented, which covered the full range of responsibilities under the mandate of the Office of the Inspector General, noting that the work presented was very relevant and a useful tool for the management and governance of the Organization;**
- **welcomed and encouraged the good cooperation and convergence of views on internal control issues between the Office of the Inspector General and management, and the efforts to promote implementation of control improvements through agreed actions whose implementation is subject to regular follow-up;**
- **noted FAO's systems for taking action on adverse findings from OIG investigations;**
and
- **welcomed the Director-General's positive response to the report.**

Office of the Inspector General

Annual Report

2018

Highlights

This report presents a summary of the activities carried out by the Office of the Inspector General (OIG) of the Food and Agriculture Organization (FAO) in 2018.

OIG provides oversight of the Organization's programmes and operations, through internal audit, investigation and related activities, in accordance with the mandate set out in its Charter.

Since 2010, OIG's audit activity has been based on a rolling plan aimed at ensuring the Organization's high risks, as captured in an OIG risk register, are independently reviewed over a defined cycle (currently three biennia). The plan takes into account the oversight coverage of the Office of Evaluation and the External Auditor.

The key corporate areas where formal audit was completed in 2018 include:

- procurement inspection management
- recruitment of professional staff
- security management
- data protection and privacy management
- SDG preparedness
- cross-cutting themes (nutrition and gender mainstreaming in Decentralized Offices)
- statistical working system project
- sexual harassment and sexual exploitation and abuse matters.

As in previous years, a significant portion of OIG's activity focused on field and emergency operations due to their significant risk exposure to the Organization, through cyclical reviews of the Organization's Decentralized Office (DO) Network. In addition, a Capping Report on Programme and Operations was prepared to raise corporate level issues, as well as to address issues at individual Country Office level. Some audits in the 2018 workplan were still underway at the end of 2018 and were completed in early 2019.

In 2018, OIG issued 27 individual reports and six memoranda from its audit work, and a report on a Proactive Integrity Review to operating units throughout the Organization. The audit reports provided management with 271 agreed actions to strengthen the Organization's risk management, internal controls and governance processes, which were all accepted.

OIG closed a total of 94 investigation matters (55 cases and 39 non cases/advisory matters) and issued a total of 15 investigation reports and nine investigation memoranda (the latter are issued on a variety of subjects pertaining to requests for assistance and advice on matters other than full investigations). OIG continues to work with management to strengthen elements of the Organization's integrity framework.

The Annual Report provides further information on the results of OIG's audit and investigation work during 2018. OIG recognizes the positive measures undertaken in 2018 as part of FAO's ongoing initiatives to support a significantly stronger results-oriented, risk conscious and accountable Organization. Further improvements to FAO's integrity framework have been made and management was responsive to the results of investigations carried out in relation to staff and third-party misconduct.

At the same time, OIG's audit coverage in 2018 and follow-up of previous audit reports, indicates that important challenges remain in a number of areas that are essential for the Organization to be sustained and for greater efficiencies to be achieved (summarized in FAO Risk Exposure and Trends, paragraph 10).

As at January 2019, OIG had one professional post vacant, which will be filled in March. However, its limited financial resources for travel and specialized consultancies, with a budget equivalent to less than a third of past expenditure, may impact OIG's ability to achieve its workplan, including responding to specific complaints.

OIG would like to express its deep appreciation to all levels of FAO staff and management contacted in the course of its work for their support and positive responses, cooperation and assistance throughout the year, despite their own challenging responsibilities and workload.

Office of the Inspector General

Annual Report 2018

Table of Contents

		Paragraph Nos.
I.	Introduction.....	1
II.	Mandate and mission	2–7
III.	Statement of Independence	8
IV.	Discretionary Reports to the Finance Committee	9
V.	FAO risk exposure and trends.....	10–11
VI.	Implementing the risk-based audit plan	12–19
VII.	Audit recommendations/agreed actions and resolution	20–22
VIII.	Investigating fraud and other misconduct.....	23–46
IX.	Advisory services	47–52
X.	Implementing the OIG Report Disclosure Policy.....	53–54
XI.	Management of OIG’s internal capacity and operations	55–65
XII.	Maximizing oversight coverage and harmonization	66–81
	through coordination and collaboration with other oversight bodies	

ANNEXES

Annex A – Risks in OIG’s corporate risk register that were covered in audits completed in 2018

Annex B – Decentralized Office audit coverage

Annex C – Reports issued in 2018 subject to Disclosure Policy

Annex D – Summaries of results of audits and inspections reported in 2018

Annex E – OIG Organization

Annex F – OIG Staffing Tables

Annex G – OIG key performance indicators

Annex H – List of acronyms used

I. Introduction

1. This report to the Director-General provides a summary of the oversight activities of the Office of the Inspector General (OIG) during 2018. In accordance with the Organization's oversight arrangements, this report is also made available to the FAO Audit Committee and the Finance Committee. Thereafter it is made publicly available through the Organization's website.

II. Mandate and Mission

2. OIG has responsibility for internal audit, which includes monitoring and evaluating the adequacy and effectiveness of the Organization's system of internal controls, risk management, financial management and use of assets. OIG is also responsible for investigating allegations of misconduct by FAO personnel, implementing partners and vendors in the context of FAO programmes; and for conducting independent reviews under the grievance mechanism of FAO's Environmental and Social Safeguards Policy. OIG draws on its audit and investigation expertise to conduct fact-finding inspections of specific events or activities, to support Senior Management decision making. OIG's Charter is incorporated as Appendix A to FAO Administrative Manual Section (MS) 107.

3. Together with FAO's Office of Evaluation (OED), OIG provides comprehensive internal oversight coverage for the Organization. The External Auditor, with whom OIG cooperates, provides complementary external oversight.

4. OIG provides the Director-General and the Organization's functions and programmes with analyses, recommendations, counsel and information concerning the activities reviewed. In so doing, OIG seeks to identify opportunities for improving the efficiency and economy of operations, while promoting control at reasonable cost. OIG also promotes initiatives to strengthen the integrity of FAO's operations and to ensure a robust response when instances of fraudulent or other corrupt practices are detected.

5. OIG's vision is to add value to FAO by delivering on its mandate with professional independence, integrity, quality and efficiency.

6. OIG follows the International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors, a global professional body. For its investigative work, OIG follows the FAO Guidelines for Internal Administrative Investigations, which are based on the Uniform Guidelines for Investigation, promulgated by the Conference of International Investigators of the United Nations (UN) System and Multilateral Financial Institutions. Both sets of standards have been adopted by audit and investigation services across the UN System.

7. The Director-General and the Inspector General receive independent advice on the effectiveness, including the adequacy and quality, of the internal audit and investigative functions of OIG from the FAO Audit Committee comprising senior audit and/or investigation professionals, who are fully external to the Organization. The Audit Committee's Terms of Reference, which were reviewed in 2018, are incorporated as Appendix C to MS 146.

III. Statement of Independence

8. During 2018, OIG undertook its professional activities independently within the Organization. OIG consults with management when planning audits, but no unacceptable limitations of scope were encountered during the course of its audits, or in its inspection, investigations or related activities.

IV. Discretionary Reports to the Finance Committee

9. OIG's Charter states that, at the discretion of the Inspector General, any audit report or any other issue may be submitted to the Finance Committee together with the Director-General's comments thereon and be made available to other interested Member States. No such reports, additional to the Annual Report, were submitted in 2018.

V. FAO risk exposure and trends

10. In 2018, FAO advanced initiatives aimed at further strengthening and enhancing the delivery and impact of programmes, incorporating lessons from 2017. OIG notes the positive results, as well as the challenges from its work in 2018, the highlights of which are presented below:

- **Procurement management:** In 2018, OIG completed a review of the procurement of goods and issued two reports dealing with the related supporting policies, processes and systems. OIG found several weaknesses, in particular: email tender procedures; collection and monitoring of procurement and tendering related data; and performance of inspections for goods procured. OIG is pleased to acknowledge that management has already implemented some of the improvement actions agreed with OIG. However, as at the end of 2018, all the agreed actions and recommendations included in OIG's report AUD 2517 (Technical Support for the Procurement of Goods) issued in November 2017 remained outstanding. As highlighted in last year's Annual Report, this audit report included critical recommendations aimed at ensuring the technical quality and appropriateness of procured goods.
- **Business continuity management (BCM):** OIG assessed FAO's progress in developing and implementing an Organization-wide BCM programme since the last audit report in this area in 2010. OIG concluded that while significant progress had been made since 2010, FAO still does not have a fully functional Organization-wide BCM programme. This places FAO in a vulnerable position should an unexpected event occur.
- **Recruitment management:** A review of FAO's policies and procedures for the recruitment and onboarding of professional staff to Regular Programme positions between September 2016 and August 2017 identified many good practices, including: the development and standardization of generic job profiles; composition and performance of the Professional Staff Selection Committees (PSSC); and a stronger role from the Office of Human Resources (OHR) ensuring greater consistency in the process. Most regular recruitment actions resulted in the hiring of technically competent candidates in line with recruitment objectives and guiding principles (geographic and gender balance). However, several hiring managers indicated that in the majority of cases the appointed candidate was not the person considered most suitable by the PSSC and that this has had an impact on their units' technical capacity. There is room for improvement in some phases of the regular recruitment and onboarding process, such as guidelines for assessment methods, PSSC reports' signature or reference checks. In addition, the Organization's practices for appointments through the employment roster, which represented the majority of appointments in the period under review, revealed significant weaknesses that reduced competition for positions and diminished the technical suitability of appointees.
- **Sustainable Development Goal (SDG) preparedness:** OIG was of the view that FAO's support to countries in the implementation of the 2030 Agenda for Sustainable Development, has an overall maturity level of "aware" or level 2 out of 4. FAO has defined the roles and responsibilities related to the SDGs; assessed its human resources and capacity needed to support Member States; and developed an approach consistent with its Strategic Framework to

advance the SDGs. FAO has also made good progress in its advocacy for Member States to adopt the SDGs and corresponding indicators, and has in general aligned its work to the 2030 Agenda. However, to advance towards a higher maturity level in SDG preparedness, FAO needs to: (i) define and better prioritize FAO's key roles in SDG implementation at country, regional and global level; and (ii) conduct a thorough needs assessment and analyse the gaps between FAO's expected role and its current capacity in order to link expectations to implementing capacity, human and financial resources and partnerships.

- **Cross-cutting themes (nutrition and gender mainstreaming in Decentralized Offices (DOs)):** In 2018, OIG completed a review of nutrition mainstreaming in FAO, the main objective of which was to assess the adequacy and effectiveness of the mechanisms established by ESN to support mainstreaming nutrition in FAO's work, following the designation of nutrition as a cross-cutting theme in FAO's Strategic Framework. OIG acknowledges the work conducted by ESN to promote nutrition mainstreaming in the last biennium. However, OIG encourages the division to have a stronger and more visible role in leading and promoting nutrition mainstreaming, including: updating the Nutrition Strategy; developing an implementation plan; developing a communication and training plan to further promote nutrition mainstreaming; and increasing collaboration with stakeholders in DOs and Strategic Programme Management Teams (SPMTs).
As regards gender mainstreaming, all internal audits conducted in DOs reviewed gender mainstreaming and audit reports included several agreed actions for improvement. In six of 11 completed audits in 2018 (54 percent), OIG assessed the controls and actions taken on gender mainstreaming as Unsatisfactory or Major Improvement Needed. This was mainly due to the lack of capacity in the DOs. For instance, in many offices, the gender focal points were either not appointed, not trained or could not devote sufficient time to support the FAO Representative (FAOR) in gender mainstreaming activities due to other operational priorities.
- **Data protection and privacy (DPP) management:** OIG analysed FAO's governance arrangements for DPP management against recognized best practices as well as other UN agencies' policies, and assessed existing controls. The audit concluded that the current state of controls in data collection, processing, access rights, retention, storage and disposal Need Major Improvement. In particular, FAO has not developed a full classification of the data it collects, stores and manages, nor are there structured controls for high-risk areas such as sensitive, personal and confidential data, including beneficiary data.
- **Statistical working system (SWS) project:** The project started in 2010 and has incurred total expenditure of USD 4 million as at September 2018 (including USD 2.3 million, USD 1.4 million and USD 0.34 million under Phases I, II and III, respectively). The audit found gaps in the governance, scoping, costing, planning, implementation and quality assurance of Phases I and II. After completion of Phases I and II, and the unofficial start of Phase III, the fundamental goal of developing a new working system that supports corporate statistical processes has not yet been fully accomplished. This was mainly because of several changes to the project scope and implementation plan, delayed availability of allocated budgetary funds and the high turnover of project personnel. There is an urgent need to apply the lessons learned from the implementation of Phases I and II in scoping out and developing the Phase III implementation plan.
- **Sexual harassment and sexual exploitation and abuse (SEA):** OIG actively contributed to the Organization's Action Plan on the Prevention of Sexual Exploitation and Abuse and Sexual Harassment (PSEA). In particular, OIG was responsible for efforts aimed at enhancing hotline/helpline reporting capabilities, providing yearly statistical data of sexual harassment-related cases, and increasing investigative capacity within OIG. With regard to hotline/helpline reporting capabilities, OIG is still consulting with sister agencies on available options so that the Organization can meet its commitment in 2019 to enhance FAO's hotline/helpline capabilities. Statistical data has been provided, and OIG has also liaised with

other relevant offices to ensure comprehensive data is collected. OIG increased its investigative capacity in July 2018 with the onboarding of an additional P3 Investigator. OIG's involvement was most notable in awareness raising initiatives, with an updated intranet presence, as well as substantive and substantial contributions to FAO's three minute video on sexual harassment, e-learning course on Working Together Harmoniously (which covers issues relating to sexual harassment), and another e-learning course on the prevention of SEA (due for roll out in early 2019).

OIG contributed to FAO's participation in the CEB Task Force Working Group on SEA and sexual harassment.

- **Country Office (CO) Management:** Overall, the audits of COs in 2018 showed a weaker internal control system compared to 2017 audits in: (i) Country Programme and Advocacy, (ii) Governance and Accountability, and (iii) Field Programme and Operations. This was because in four of the 11¹ countries audited in 2018, the FAOR positions were vacant; and in one country there was no in-country FAOR. In addition, in one country the key position of Assistant FAOR (AFAOR) Programme had been vacant for a prolonged period without an interim replacement. The absence of FAORs and AFAORs negatively impacted the governance structure of the COs and led to internal control gaps as summarized below:
 - **The Country Programme and Advocacy** section showed that 73 percent of the 11 completed audits of COs in 2018 were rated as Satisfactory or Some Improvement Needed in comparison to 91 percent of the same number of completed comprehensive audits in 2017. Key areas for improvement were in: resource mobilization; monitoring and reporting of Country Programming Framework (CPF) implementation; strategy and action plans for advocacy and communications; and gender mainstreaming. The key underlying cause was the absence of an FAOR to represent, advocate for, and communicate on behalf of FAO with the host government, the UN system in the country, development partners, the national media and other stakeholders.
 - The Governance and Accountability section showed that 45 percent of the audits completed in 2018 were rated as Satisfactory or Some Improvement Needed compared to 64 percent of 2017 audits. Key issues identified included: unclear reporting lines and inadequate segregation of duties; and recruitment decisions and basis for pay rates were not well documented. The main causes included: the lack of a strong governance structure; a weak internal control environment where there was an incorrect emphasis on form over substance when implementing internal controls; and reliance on Non-Staff Human Resources (NSHR) to perform support functions without adequate training.
 - The Field Programme and Operations section showed that 45 percent of the audits completed in 2018 were rated as Satisfactory or Some Improvement Needed compared to 82 percent of 2017 audits. Key issues identified were: delays in project implementation and procurement; ineffective management of Letters of Agreement (LoAs); inadequate reporting on projects' progress; and lack of grievance mechanisms for beneficiaries. The main causes included: weak project governance structure; lack of procurement planning; weak or non-existent independent monitoring and evaluation function; and inadequate guidance and priority given to the establishment of grievance mechanisms.

11. FAO management is aware of the above deficiencies and there are several pertinent ongoing Agreed Actions from prior reports which are key to addressing them.

¹ This refers to the 11 completed Country Office audits in 2018, and excludes joint UN audits and the four ongoing audits that would carry over to 2019.

VI. Implementing the risk-based audit plan

Planning approach

12. OIG follows a risk-based planning approach to identify and select its activities. Risks are identified and grouped in potential auditable entities (which are usually a process, function or location) representing different aspects of how FAO implements its programmes and operations and manages related risks. This approach provides a more systematic basis for prioritizing internal audit work. The aim is to ensure that management of the Organization's major risk entities is collectively covered by OIG, OED and the External Auditor, and independently reviewed within a defined cycle. In some cases risks are covered annually, in others over one or more biennia, with a target to complete coverage of corporate high risks over three biennia. Given the dynamic nature of risks facing the Organization, OIG essentially maintains a rolling plan of coverage updated on an annual basis and more fully each biennium. Through its coverage of risks not reviewed by the other oversight functions, OIG provides assurance on the implementation of risk management measures and advice on how these measures can be improved.

13. In 2018, OIG's internal audit work aimed to complete the coverage proposed in its original 2018–2019 Risk-Based Audit Plan (RBAP). This was developed at the beginning of 2018 taking into account inputs from management and the FAO Audit Committee, and thereafter concurred with the Director-General. Priorities within the plan were re-assessed regularly during 2018 and adjusted where necessary. The plan is based on a risk register, originally developed in 2009, which has been regularly updated to reflect emerging risks and changing risk priorities. In the course of updates, the ranking of some risks may be increased or decreased and some risks dropped or added based on emerging risks, action taken by management and new information. Implementation of the RBAP is monitored through periodic activity reports to the Director-General, and the Audit Committee, which meets three times a year. In addition, the achievement of the planned coverage of risks continues to be a key performance indicator (KPI) for OIG (see Annex G for details).

14. As of 31 December 2018, the updated function-based risk register identified 57 high-risk entities, of which one is covered by OED and four are being actively managed by management so that an internal audit is not deemed to be a value-added activity. Of the remaining 52 entities, 25 were included under planned audit assignments in the 2018–2019 RBAP, 11 were audited in the past two biennia and the remaining 16 entities will be considered for inclusion in OIG's next planning cycle, including those that were originally planned for review in 2018–2019 but have been deferred until 2020–2021 (see Plan Implementation below).

15. As the Organization's risk management under the Enterprise Risk Management (ERM) project matures, OIG will modify its approach, using the results of risk self-assessments undertaken by management, as well as its own professional analysis to adjust and develop its future RBAPs.

Plan implementation

16. At the end of 2018, OIG had completed assignments that covered 11 of the 25 high-risk entities included in the 2018–2019 RBAP (including eight risks that are regularly assessed in DO audits), while other assignments in progress (project cycle, IT security) covered five additional high risks. The remaining nine high risks (including entities such as the Cost Recovery Policy, Capital Expenditure Projects, OPIM, NSHR management, PWB work planning, Statement of Internal Control) are scheduled to be audited in 2019. Two high-risk entities originally included in the 2018–2019 plan (Insurance and Field Security) have been deferred to 2020–21 upon justified management requests or other competing priorities.

17. OIG continued to devote substantial resources to reviewing field activities in the areas of (i) governance, accountability and internal control systems; and (ii) programme and operations. OIG activities included audit missions to 16 DOs during 2018. As a subsidiary coverage goal, OIG aims to

review all significant DOs at least once every three biennia, with larger offices and those with previous unsatisfactory audit results reviewed more frequently. However, with resource constraints, particularly in 2018 where 131 work weeks were lost due to vacancies, this goal was not fully achieved. This was compensated only partially with oversight coverage by OED and the External Auditor (See Annex B).

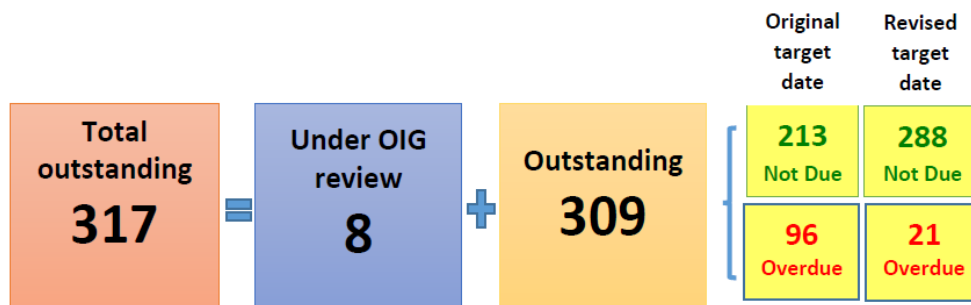
18. OIG issued 36 audit, inspection and advisory reports and memoranda in 2018, 13 of which relate to DO Audits. These reports provided management with assurance and advice. Summaries of results from audit reports issued in 2018 are provided in Annex D. While OIG had only two vacant positions as of end of 2018, the Office experienced a high staff turnover in 2018 which explains the carryover of assignments from 2018, including three high-risk assignments that will only commence in 2019.

19. In 2018, the audit reports issued contained a total of 271 agreed actions or recommendations at various levels to strengthen the Organization's risk management, internal controls and governance processes.

VII. Audit recommendations/agreed actions and resolution

20. As Figure 1 below illustrates, as at 31 December 2018, there was a total of 317 open recommendations (269 as at 31 December 2017), less than 10 percent being high risk. The target date for implementation of each recommendation was established by management at the issuance of the audit reports. There were instances where management revised the target dates when it subsequently assessed that the initial target dates were no longer achievable. As at 31 December 2018, the number of overdue recommendations based on original target dates and revised target dates were as shown below.

Figure 1 – Outstanding recommendations by original and revised date



21. The establishment of a recommendations dashboard in April 2017 has enabled the Office of Deputy Director-General, Operations to exercise closer monitoring and follow up on implementation of recommendations. This has resulted in higher implementation rates as shown in Figure 2 and the closure of over 400 audit recommendations.

Figure 2 – Historical trend implementation of agreed actions

	As of 31/12/18	As of 31/12/17	As of 31/12/16	As of 31/12/15	As of 31/12/14	As of 31/12/13	As of 31/12/12	As of 31/12/11	As of 31/12/10
2008	100%	100%	99%	99%	99%	98%	98%	92%	89%
2009	100%	100%	100%	99%	99%	97%	92%	88%	68%
2010	100%	100%	100%	99%	100%	99%	96%	86%	56%
2011	100%	100%	99%	96%	97%	94%	82%	64%	
2012	100%	99%	98%	92%	89%	68%	39%		
2013	100%	99%	98%	92%	83%	43%			
2014	99%	94%	90%	62%	33%				
2015	99%	85%	66%	15%					
2016	87%	51%	14%						
2017	87%	21%							
2018	32%								

22. Recommendations by year and risks were as shown in Figures 3 and 4. Two thirds of all recommendations relate to four areas: Strategy and Planning, Human Resources, Security, Governance and Procurement. There are no more high-risk long outstanding recommendations.

Figure 3 – Overall status of audit agreed actions by year

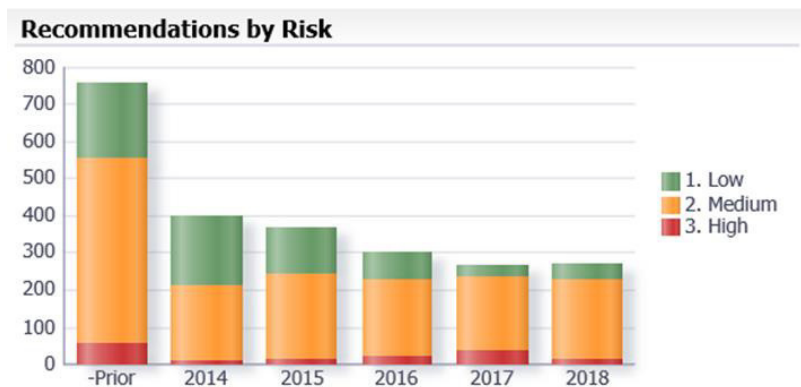
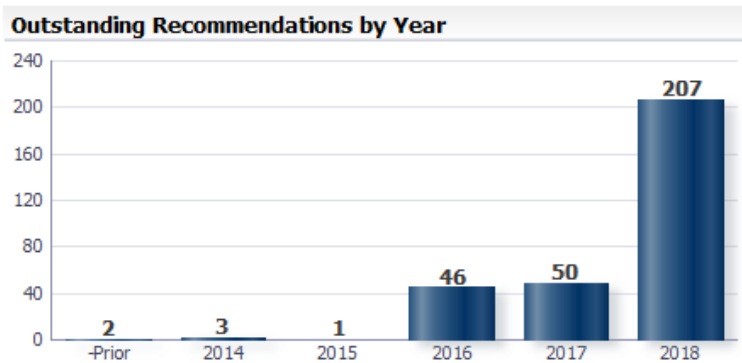


Figure 4 – Outstanding agreed actions by year



Outstanding recommendations	Prior to 2014	2014	2015	2016	2017	2018
Low		1		8	7	34
Medium	2	2	1	24	28	162
High				14	15	11
Total	2	3	1	46	50	207



VIII. Investigating fraud and other misconduct

23. OIG is responsible for promoting an environment of integrity throughout the Organization's operations by the detection and investigation of allegations or indications of fraud and other forms of misconduct by FAO personnel, partners or by contractors in relation to their business with FAO; and for the promotion of preventive measures. Investigation results are captured to develop lessons learned and to recommend procedural and policy changes that enhance integrity within FAO. OIG provides advisory services on integrity-related matters and also assists in the conduct of other fact-finding inspections requiring legal or investigative expertise.

Investigation process

24. OIG's mandate includes investigating allegations of: misconduct, fraud and other corrupt practices; retaliation against FAO personnel who report wrongdoing or cooperate with an OIG audit or investigation; harassment and sexual harassment; and sexual exploitation and abuse. OIG also administers FAO's Grievance Handling Mechanism as part of the Organization's Environmental and Social Management Guidelines.

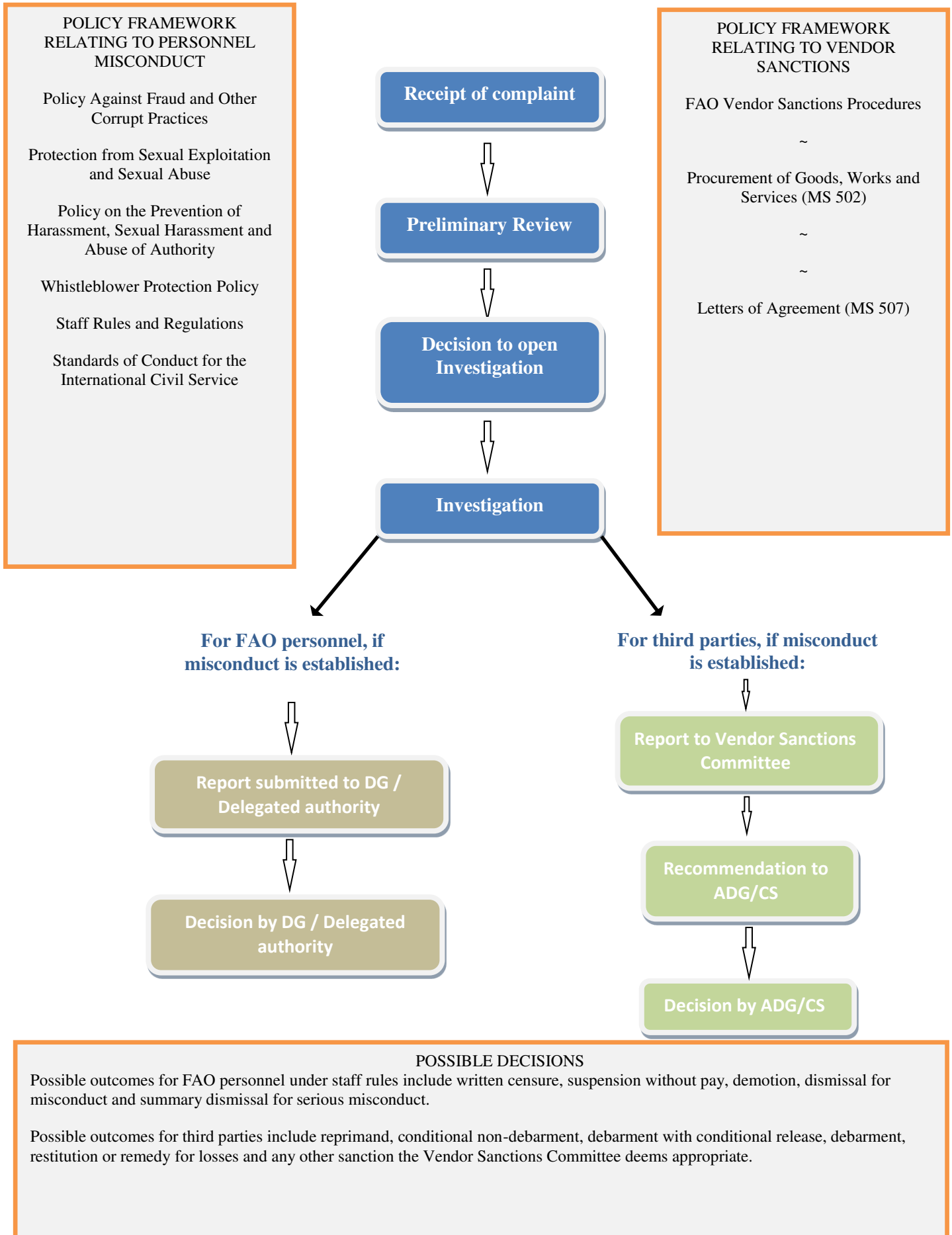
25. Cases of staff misconduct are investigated pursuant to FAO's Guidelines for Internal Administrative Investigations, as revised in 2017. Specific timelines are applicable to different kinds of cases within OIG's mandate, each being set out in the Organization's policies governing the particular conduct in question. In all cases, allegations received by OIG are subject to a preliminary review to determine whether the matter falls within the Office's mandate or should be referred to another division within FAO or to another organization. For those falling within OIG's mandate, the preliminary review assesses whether there are sufficient grounds to initiate a full investigation. In cases where OIG conducts a full investigation, OIG reports its conclusions on whether the allegations are substantiated to the Director-General (for senior staff) or the delegated authority in other cases for a decision on what, if any, administrative action is to be taken. This includes disciplinary procedures pursuant to FAO MS 330.

26. Allegations of fraudulent and corrupt activities by third parties (i.e. vendors, suppliers and implementing partners) involved in the Organization's programmes and operations are reviewed to protect the Organization and to promote the full benefit of FAO programmes and projects to affected populations. These cases are subject to a preliminary review to determine if there are reasonable grounds to believe a sanctionable action has occurred. Where OIG finds a third party engaged in sanctionable actions, the investigation results and a request to begin sanctions proceedings are prepared and sent to FAO's Vendor Sanctions Committee. The Committee decides whether to open a sanctions procedure and, if opened, evaluates OIG's report and the vendor's response before making a recommendation to the ADG-CS on whether to sanction the third party in question.

27. Adverse findings against FAO personnel or third parties lead to recommendations for appropriate administrative action to management, with the action determined by management. These include possible disciplinary action against FAO staff, sanctions against vendors, and financial recovery from both FAO personnel and third parties.

28. OIG's responsibilities pursuant to the Whistleblower Protection Policy include recommendations to management on measures to protect whistleblowers, such as the suspension of a potentially retaliatory decision. At the conclusion of these cases, OIG may also recommend that corrective actions be taken for those who cooperate with OIG audits and investigations and have been subject to, or are at imminent risk of retaliation.

Figure 5 – Summary overview of the OIG investigative process



Investigation workload management

29. OIG began 2018 with a carry-over workload of 73 matters including cases (comprising 140 allegations), consultations and advisory services. During the course of the year, OIG received 112 new complaints (comprising 141 allegations) and 46 requests for consultations/advisory services. It is important to note that an individual complaint received by OIG may include multiple allegations. OIG was able to close 55 complaints (comprising 104 allegations) and 27 consultations/advisory requests, including those carried over from the previous year(s).

30. With regard to non-cases (NCs), namely requests for consultations/advisory services, OIG dedicated a significant amount of time to providing investigation services to sister agencies and requests for expert IT forensic review of possible breaches of FAO IT resources.

31. Figure 6 below provides an overall view of matters during the year and comparison with the four previous years:

Figure 6 –Workload distribution

Case Load	2014	2015	2016	2017	2018
Complaints carried over from previous years	27	35	35	48	73
New complaints	64	81	103	76	112
Subtotal	91	116	138	124	185
New consultations / advisory services	27	16	9	45	46
Total Matters (Cases & Consultations)	118	132	147	169	231
Complaints closed	53	79	91	69	55
Consultations / advisory services closed	30	16	8	27	39
End Workload	35	35²	48	73	137

32. The above represents a continued upward trend in the number of complaints received, increasing by 47 percent between 2017 and 2018. The result was a 49 percent increase in the number of open cases at the end of 2018 from those open at the end of 2017, and a 103 percent increase from

² The calculation in the column would normally give an end result of 37. However, if there appears to be a discrepancy in the number of open matters at the end of 2015 with a figure of 35 instead of 37, this is because two cases were merged with other cases at some point during the year and that's why it could be misread as having two cases disappear from our numbers

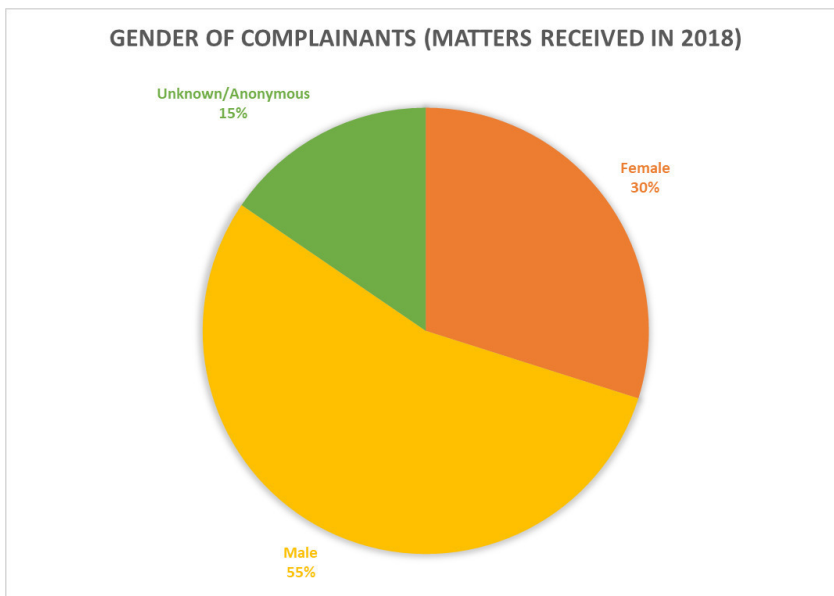
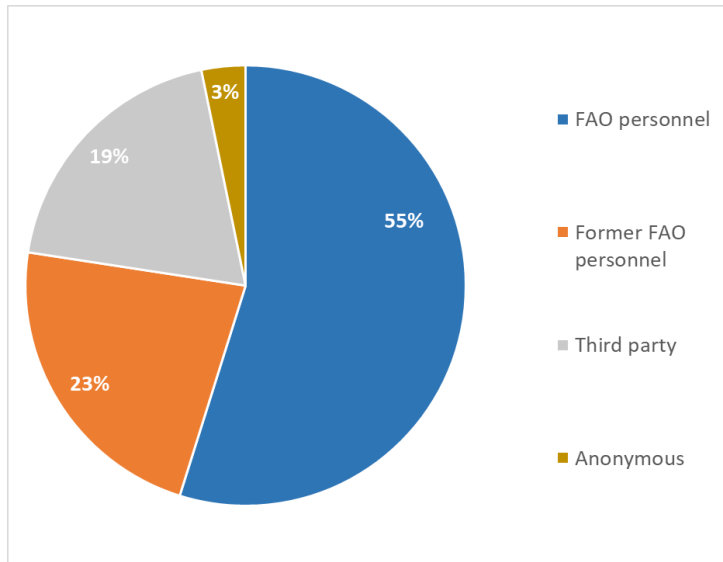
the end of 2014. In 2018, each investigator carried an average of 34 cases, representing an increase of 36 percent in the caseload per individual investigations professional staff resource from 2017, and an 88 percent increase since 2014. These increases account for the addition of a P3 investigator position halfway through 2018, representing a 20 percent increase in staffing since 2014.

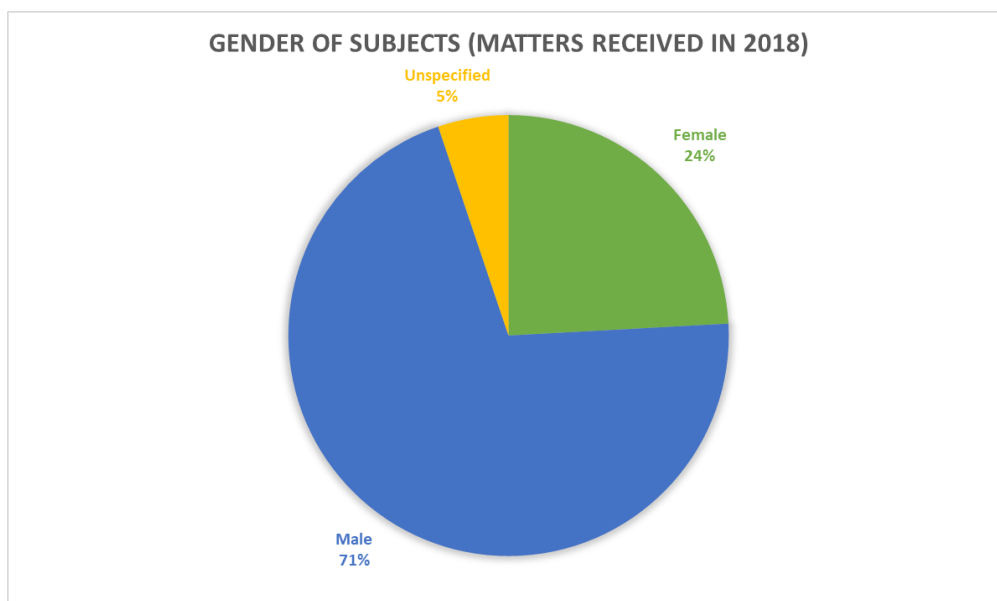
33. In the past, OIG has supplemented its investigation resources with consultants. However, constraint on resources will remain strong in 2019 to address the increased caseload, the carryover included, with a concomitant impact on OIG’s ability to resolve the increasing number of cases under review.

Origin of complaints

34. As indicated in Figure 7 below, OIG consistently receives the majority of complaints from FAO personnel, followed by third parties, internal referrals of matters detected during OIG’s audits, inspections and advisory work, and from anonymous sources.

Figure 7 – Source of complaints in 2018





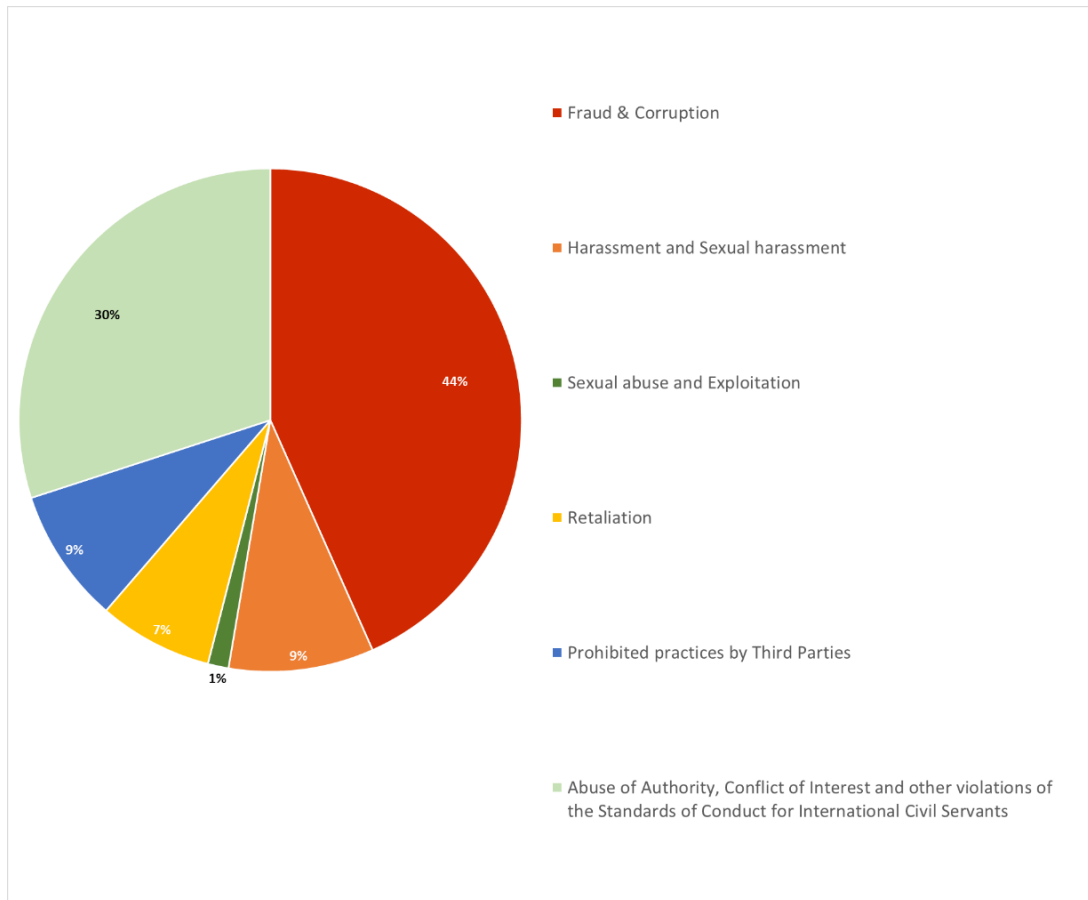
Types of cases

35. Figure 8 below shows the types of allegations received during 2018. The initial classification of allegations is based on the preliminary information OIG receives. Over the course of an investigation, OIG may modify the classification as more information becomes available.

36. The Grievance Handling Mechanism as part of the Organization's Environmental and Social Standards was introduced in early 2015, and requires exhaustion of prior steps at project and Organizational level before complaints are lodged with OIG. As at the end of 2018, OIG had not received any complaints under this mechanism.

37. Allegations of misconduct which fall within OIG's other investigative mandate areas are broadly divided into the following categories:

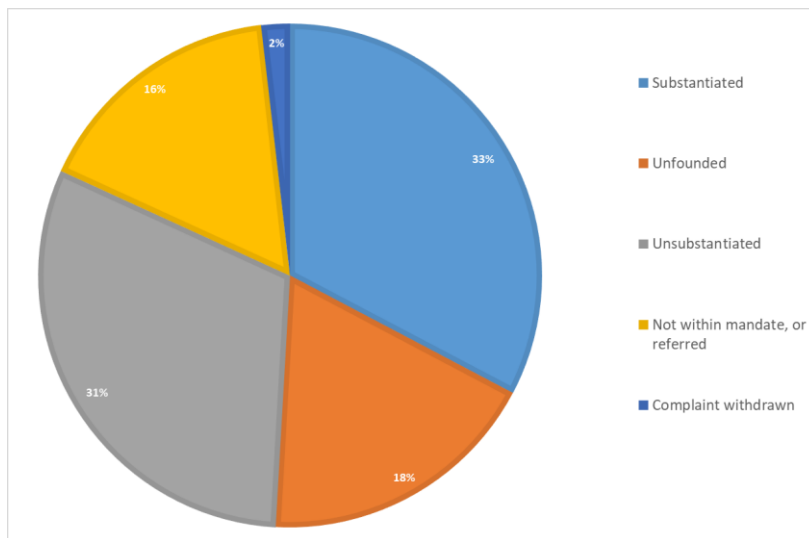
- procurement-related fraud and other corrupt practices;
- fraud and other corrupt practices, not related to procurement, covered by the Organization's "Policy Against Fraud and other Corrupt Practices";
- sexual exploitation and abuse, as defined in the Organization's Policy on the "Protection from Sexual Exploitation and Sexual Abuse (PSEA)";
- harassment as defined in the Organization's "Policy on the Prevention of Harassment, Sexual Harassment and Abuse of Authority";
- retaliation, as defined in the Organization's "Whistleblower Protection Policy"; and
- other unsatisfactory conduct including favouritism, issues arising from undisclosed conflicts of interest, misuse of resources, and causing damage to the reputation of the Organization, as described in FAO's Administrative MS 330 and the Standards of Conduct for the International Civil Service.

Figure 8 – Type of allegations of misconduct received*Outcome of cases*

38. An OIG investigation will conclude on whether the allegations are:

- substantiated – the evidence gathered is sufficient to establish that the allegation is true, and fraudulent activity or misconduct occurred;
- unsubstantiated – the evidence gathered is insufficient to establish that the allegation is true, and fraudulent activity or misconduct occurred; or
- unfounded – the evidence is reasonably sufficient to conclude that the allegation is not true and no fraudulent activity or misconduct occurred.

39. Figure 9 below shows the results according to these conclusions for all 55 cases closed in 2018. During the course of a preliminary review or full investigation, OIG may establish sufficient evidence to show that the allegations are unfounded, thus clearing FAO personnel or a third party of any wrongdoing. This is an equally important outcome for the Organization, for FAO personnel and the third party.

Figure 9 – Outcome of complaints concluded in 2018

40. Of the 55 cases closed in 2018:

- eighteen were closed as substantiated following investigative action by OIG;
- ten were closed as unfounded following a determination that no wrongdoing had occurred (i.e. the allegation is not true and no fraudulent activity or misconduct occurred);
- seventeen were closed as unsubstantiated;
- nine were referred to other divisions within FAO as they were either outside of OIG's mandate or alternative measures could be taken to address the concerns raised by the complainant; or in the absence of sufficient information to warrant investigation at this time, were referred to OIG/AUD for consideration in a future audit; and
- one complaint was withdrawn by the complainant during the preliminary review.

41. OIG's target is to close complaints within six months of receipt. In 2018, the average number of days between receipt and closure of complaints was 270 (i.e. nine months). The average time to finalize the review of complaints has increased compared to 2017 due to the increase in matters under review, some of which are complex by virtue of the type of allegation and related policy requirements (harassment, sexual harassment, SEA, retaliation).

42. These types of cases are more complex and time consuming to review and close than others (e.g. fraud or favouritism cases) because of their reliance on typically significant volumes of testimonial evidence. The Investigation unit's growing workload (case and non-case related) further contributed to the time taken to close complaints. Substantial investigative resources were allocated to matters falling outside OIG's usual workload. For example, OIG handled the review of six external investigative matters referred to OIG by sister agencies; the development of e-learning activities in which OIG played a key role as subject matter expert; and actively participated in the Organization's sexual harassment/SEA initiatives in the context of the FAO Action Plan (see paragraph 10).

43. Most investigations completed in 2018 related to allegations in DOs (ten) while the rest (five) were in headquarters. Investigations in DOs tend to be more resource intensive compared to headquarters-based cases in terms of staff time as well as travel, contributing to a greater investigative workload for the unit. Investigations completed in 2018 included seven missions relating to ten different cases.

44. OIG issued 15 investigation reports in 2018 broadly covering cases of fraud (procurement, project implementation and entitlement), harassment, issues arising from undisclosed conflicts of interest and retaliation. OIG also issued 13 memoranda where an investigation was carried out and a full investigation report was not required, or the allegations were not substantiated, but conclusions and/or observations needed to be conveyed to other offices and/or management.

45. Of the investigation reports with recommendations involving FAO personnel, two are pending final decision, while for the remaining reports the Organization has taken appropriate administrative action, including disciplinary measures. Two of the investigation reports issued in 2018 were submitted to FAO's Vendor Sanctions Committee, together with a request to begin sanctions proceedings. The resulting cases, together with a case submitted in 2017, are still pending before the Committee. OIG did not submit any requests for temporary suspension of a vendor in 2018.

Examples of cases completed in 2018

46. The following summary provides representative examples of cases completed in 2018:

- **Case 1:** Following a field investigation at a Subregional Office, OIG concluded that a senior staff member and head of office was grossly negligent in relation to the purchase of a vehicle for his own official use, by not ensuring the "best value for money" principle in procurement, and in approving the purchase of a vehicle that exceeded local requirements and standards.
- **Case 2:** OIG conducted an investigation into allegations of harassment and abuse of authority by a supervisor at headquarters against two consultants under his supervision. In one case, the allegation was substantiated and the Organization issued a written censure. In the other, OIG concluded that the facts did not rise to the level of harassment, but revealed a unilateral and contentious management style that was not constructive and in a manner inconsistent with the Standards of Conduct for the International Civil Service. A written censure was issued as a result of the findings.
- **Case 3:** OIG initiated an investigation into allegations of sexual and workplace harassment against three FAO non-staff employees in a decentralized L3 duty station. OIG fielded an investigation mission in November 2018 and is finalizing its investigative activities.
- **Case 4:** Following an investigative mission to a decentralized location, OIG concluded that two non-staff employees altered vendor invoices to increase their value so that FAO would pay for the vendor's services for private purposes. OIG concluded that in one case, the employee engaged in fraudulent conduct, and in the other that the employee knowingly or recklessly assisted his colleague. One employee's contract was terminated, and the other's expired prior to the final decision. Records were nevertheless updated to ensure the latter would not be re-hired.
- **Case 5:** OIG conducted an investigative mission to a decentralized location, and concluded that a senior local staff member had engaged in undisclosed outside activities related to FAO's field of work and used his official position for private benefit. The Organization imposed the disciplinary measure of dismissal.
- **Case 6:** OIG conducted an investigation into two third-party vendors and concluded that the vendors had knowingly submitted false documentation to the Organization. OIG submitted its conclusions and recommendations to the Vendor Sanctions Committee.

IX. Advisory services

47. In addition to scheduled audits and investigations responding to allegations of misconduct, OIG provides advisory services on particular subjects or events to clarify facts or provide information for management decision making. Annual workplans include provision for additional work outside the risk-based priorities by audit or investigation staff. This may be to conduct inspections of particular events or activities at management request or as part of proactive reviews. In 2018, OIG conducted the following:

- Proactive Integrity Review (PIR) – OIG conducted a PIR of the FAO Representation in Pakistan (FAOPK) in the second half of 2018. The objective of the PIR was to provide management and FAOPK with an overview of gaps in fraud controls detected in relation to project implementation and to provide feedback to strengthen the Representation's capacity to detect and address fraud. At the end of 2018, OIG was in the final stages of preparing the report setting out OIG's findings including observations on the adequacy of staffing and administrative procedures used by the Representation. The report will be shared with FAOPK before submission to management, which is projected for early 2019.

48. In addition, OIG issued six audit memoranda for management attention, one regarding policy improvements to rental subsidy in field duty stations, three on write-off requests originating from the Commissary inventory losses for an amount of EUR 28 044, from the Brand Centre for an amount of EUR 5 897 and from la Communauté des Etats de l'Afrique Centrale (CEEAC) for an amount of USD 17 589, and two on preliminary audit findings in Tajikistan and Venezuela.

49. OIG is a permanent member with observer status of various internal committees (overseeing investments, partnerships, internal control, and the Credit Union for example). In 2018, OIG also participated in two ad hoc inter-departmental working groups dealing with the development of an internal control framework and new operational modalities.

50. OIG responded to 40 other requests for short duration advisory and consulting services during 2018. These included comments and advice on the review of the Organization-wide fraud risk strategy and matrix; preparation of FAO's first Statement of Internal Control; draft agreements with donors; preparation of amendments to the rental subsidy scheme; updates to corporate policies and procedures; development of a corporate framework for data privacy and protection; report on the UN System-wide Action Plan on Gender Equality and the Empowerment of Women (UN SWAP); FAO's response to UNDESA inter-agency survey on the QCPR; Multilateral Organisation Performance Assessment Network (MOPAN) review; Joint Inspection Unit (JIU) reports or missions on the internal audit function, the investigation function and whistleblower protection policies.

51. OIG provided advisory services to various Representations dealing with fraud reporting to donors. In addition, OIG provided similar services to other departments within the Organization for reporting results of OIG's work and provided input on draft agreements for the sharing of information relating to fraud detection and prevention with external parties.

52. As routine practice, OIG was consulted on staff resignations, delegation of authorities in procurement matters and contract extensions for FAO Representatives. More than one hundred requests were received each quarter.

X. Implementing the OIG Report Disclosure Policy

53. The FAO Council approved an OIG report disclosure policy in April 2011, which was incorporated into OIG's Charter. Under this policy, audit reports and reports of lessons learned from investigations may be viewed by Permanent Representatives, or their nominees, upon direct request to the Inspector General. In November 2012, to facilitate implementation of the policy, the Finance Committee endorsed a revision to allow for remote online viewing of reports, as an alternative to

viewing them on OIG premises. A secure internet-based solution, configured to apply the “view only” policy, was deployed in 2013. Information on OIG reports issued and covered under the policy is periodically updated on the Permanent Representatives’ website. In 2018, eight requests for remote online viewing were received from one member, covering the following eight audit reports:

- AUD 0417 – Capping Report on the Implementation of FAO’s Strategic Framework at the Decentralized Offices 2016
- AUD 0516 – Comprehensive Review of the FAO Representation in Somalia
- AUD 0317 – Comprehensive Review of the FAO Representation in Central African Republic
- AUD 0716 – High Level Review of Management of Risks of Financial Fraud and other Corrupt Practices in FAO
- AUD 1116 – Capping Report on Governance, Accountability and Internal Control System in Country Office Audits 2015
- AUD 0417 – Capping Report on the Implementation of FAO’s Strategic Framework at the Decentralized Offices 2016
- AUD 1217 – Financial Management and Administration Capping Report on Country Office Audits for 2015 and 2016
- AUD report 2018 – Recruitment and Onboarding of Professional Staff.

54. The requests were fulfilled according to the policy within the response times set out therein. There were no instances of reports being withheld and only one instance where the report was redacted to protect confidentiality and the safety and security of any individual.

XI. Management of OIG’s internal capacity and operations

55. OIG delivers value through the management of its staff (see Annex F for details), financial budget, technology and methodologies. Its audit and investigation functions are subject to periodic external review.

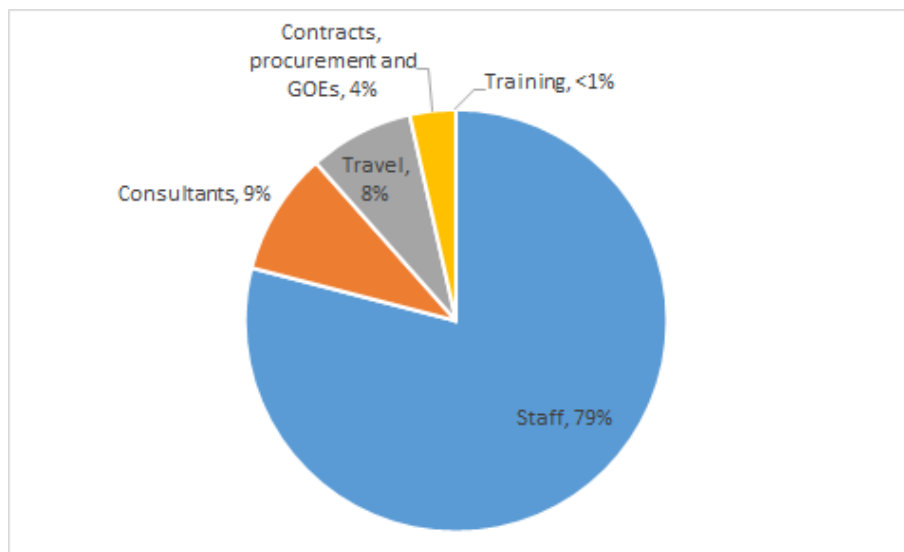
OIG staffing and budget

56. As at 31 December 2018, OIG had 24 approved posts. These include those of the Inspector General, 19 Professional staff, four of which are out-posted in each of the Regional Offices (ROs) in Cairo, Bangkok, Nairobi and Santiago de Chile; and four General Service staff posts, two of which are attached to audit or investigation teams and undertake audit or investigation support tasks. Annex F to this report depicts OIG’s staffing situation, with demographic and gender information.

57. During 2018, the Audit unit comprised two P5 Senior Auditors reporting to the Inspector General and leading audit teams with regular interchange of audit staff to meet work needs. OIG was unable to fully implement its 2018 workplan mainly because staff vacancies were significantly higher than forecasted (131 weeks compared to the planned 43 weeks). This was mainly due to the unexpected resignation or transfer of four staff members during the year and other staff changes. In 2018, OIG experienced a very high staff turnover affecting six of the 13 professional auditor positions, which remained vacant for periods ranging from 1.5 months to 10.5 months. In addition, as regards audit assistant positions, two positions were vacant for most of the year and were finally cancelled in order to accommodate a new investigator position. The other audit assistant position has been vacant since September 2018. These shortages could only be partially compensated by hiring consultants. To assist with managing the investigation caseload, including provision of specialist expertise in areas of harassment and sexual exploitation and abuse, staffing was supplemented with an additional 391 consultant/days beyond that required for backfilling vacancies.

58. OIG's 2018 budget was USD 4.5 million, mostly from Regular Programme sources. The breakdown of OIG's costs is as follows:

Figure 10 – 2018 Expenditure



Staff professional development

59. OIG invests heavily in staff development to ensure that staff stay abreast of good practice in audit and investigation methods, organizational management and development concepts, and to extend staff language skills. Individual training needs are identified under the Individual Development Plan component of the Organization's Performance Evaluation Management System (PEMS) at the beginning of each year, and reviewed at the end of the same year to assess progress. In addition, broader staff needs are addressed in group training sessions, and where possible in collaboration with counterparts in the other Rome-Based Agencies or UN/intergovernmental organizations. OIG's training focal point oversees the implementation of an OIG training plan developed from these elements and integrated into an FAO-wide process. OIG expresses its appreciation of the OHR Training unit for the extensive support it provided in the review and implementation of OIG's 2018 training plan.

60. In 2018, OIG continued to support staff in obtaining and maintaining relevant training, including professional internal audit, information technology, forensics, risk management and fraud examination qualifications and language training. A two-day tailored audit and investigations group training was also provided to meet the specific needs of the division on Data Analytics. In 2018, OIG personnel attended on average 7 days of professional development.

Update of job profiles and implementation of performance evaluation and management system

61. Annual workplans for 2018, linked to OIG's Unit Results in FAO's planning and budgeting framework, were completed for all OIG staff and were assessed in early 2018. The performance

planning, evaluation and development elements of the process support internal communications within the division and are core components of OIG's quality assurance and improvement programmes for both the audit and investigation groups.

Technology support

62. OIG uses widely adopted audit and case management software which support professional standards compliance and process efficiencies. OIG also used specialized security software to support its report disclosure policy and Audit Committee operations.

Audit quality assurance and improvement programme

63. As part of its audit quality assurance and improvement programme, OIG sends a client feedback questionnaire for each finalized audit to the principal recipient of the final report. The average overall satisfaction rating of the 14 responses received from auditees for reports issued in 2018 was 5.5 from a maximum score of six. Aggregated details of the survey results are shared with management and the FAO Audit Committee through OIG's activity reports.

Investigation quality assurance and improvement programme

64. The Uniform Principles and Guidelines for Investigations issued by the Conference of International Investigators acknowledge the need for Investigative Offices to periodically undergo an external quality assessment (EQA) to ascertain their conformity with the Organization's legal framework and generally accepted investigation standards and to promote continuous enhancement of the investigation function. After successfully going through an EQA for internal audit in the past biennium, OIG has asked an independent external team to assess the Investigation unit, its compliance with the Principles and Guidelines of the Conference of International Investigators and its performance. This assessment, which was postponed to early 2019 in order to accommodate OIG's heavy investigative workload and other priorities, will be the second assessment for the investigation function after that conducted in 2013.

OIG key performance indicators (KPIs)

65. In 2018, OIG along with the Audit Committee, defined performance indicators to reflect the implementation of its workplan. OIG monitored these 33 internal KPIs and reported on their status throughout the year. The indicators covered the implementation of the workplan, budget management, project management and staff development (see Annex G for more detail). As shown by the KPIs, OIG completed most of its 2018 plan, but some assignments were carried forward to 2019. This was mainly due to (i) the high level of vacancies in the division; (ii) the uncertainty about the progress and outcome of staff selection processes, which prevented proper planning of consultants hire; (iii) the investigations number increase; and (iv) the greater than anticipated complexity of several audits and investigations conducted in 2018.

XII. Maximizing oversight coverage and harmonization through coordination and collaboration with other oversight bodies

Coordination with other FAO Oversight Bodies and Ombudsman/Ethics Office

66. During the year, OIG met routinely with OED and the External Auditor to discuss their respective workplans, to ensure that the work of the oversight bodies did not unnecessarily duplicate review activities, and to provide input into the planning of their respective assignments. OED and the External Auditor are routinely copied on all internal audit reports and meetings are held at working level on various assignments when relevant to work and assignment planning. In preparing for individual audit assignments, OIG reviewed and took into account the issues and recommendations the

External Auditor presented to management in the form of management letters and OED's evaluation reports.

67. There was regular communication throughout the year with the Ombudsman/Ethics Office. In some cases, complaints received by OIG or the Ombudsman/Ethics Office were referred to the other when these fell under the other's mandate. On several occasions, the Ombudsman/Ethics Office provided valuable inputs to OIG's team auditing COs, which helped OIG to define the scope of its field missions. The Ombudsman/Ethics Office assisted with awareness raising of OIG's mandate and anti-fraud policies in its training activities (e.g. in two Subregional Offices, and one Country Office). OIG staff also made presentations on OIG's mandate in the context of training organized by the Ombudsman/Ethics Office. Finally, OIG and the Ombudsman/Ethics Office developed an e-learning course on PSEA.

Collaboration with the oversight services of the other Rome-Based Agencies

68. The 2018 edition of the annual joint session of staff from the audit, inspection and investigation functions of the three Rome-Based Agencies was hosted by WFP, in order to strengthen cooperation, interaction, networking and professional updating across the agencies. The event included sessions on sexual harassment and SEA; auditing corporate culture and tone at the top; and discussions on ethics with the three Ethics Officers from IFAD, WFP and FAO.

69. In addition, OIG conducted a joint audit of security management in headquarters with WFP. The report was issued in September 2018.

Collaboration with other UN agencies and intergovernmental organizations

70. OIG continued to be an active member of the professional networks for audit and investigation in the UN System and the wider international organization sector. RIAS is the network of Representatives of Internal Audit Services of the UN System, Multilateral Financial Institutions and Associated Organizations (the professional network of internal audit services of intergovernmental organizations). UN-RIAS is the UN System subgroup of this network. The Conference of International Investigators (CII) brings together the investigations functions of UN agencies, Multilateral Development Banks and other intergovernmental organizations, such as the European Anti-Fraud Office. UN-RIS (UN Representatives of Investigation Services) is the UN System subgroup of this network. These networks provide valuable sources of information for enhancing OIG's own performance, opportunities for addressing coverage of jointly managed programmes and are a basis for harmonized development of the audit and investigation functions across the UN and intergovernmental sectors.

71. Responding to the UN General Assembly resolution on the Quadrennial Comprehensive Policy Review, the UN CEB has prioritized the development of UN System-wide joint internal audits of joint programmes. This is being responded to collectively by the UN Internal Audit Services, including OIG, through UN-RIAS.

72. In 2018, OIG participated in a joint audit led by UNICEF, on Delivering as One in Papua New Guinea. The other four participating UN agencies were IOM, UNDP, UNFPA and WHO.

73. OIG participated in the 49th Plenary RIAS and 12th UN-RIAS meetings held in September 2018 at the African Union headquarters in Addis Ababa. The meetings were attended by the Inspector General and a Senior Auditor. Topics covered in the RIAS/UN-RIAS meetings and inter-sessional activities included:

- UN Reform and its impact on internal audit activities;
- assurance mapping, mutual recognition cross reliance and joint auditing;
- auditing change management;
- fraud in the UN context – how to approach it;

- data protection and cybersecurity (co-presented by FAO);
- IPPF 2017 – guidance on application;
- benchmarking and overview of oversight functions in the UN (co-presented by FAO);
- KPIs for IAS;
- knowledge sharing – UN-RIAS internal documentation repository;
- auditing for fraud;
- emerging trends in Internal Auditing;
- auditing organizational alignment with SDG priorities (co-presented by FAO);
- auditing organizational culture; and
- stakeholder engagement – outreach and communication strategy for internal audit.

74. In addition, in April 2018, OIG participated in the annual HOIA meeting (Heads of Internal Audit in International Organizations in Europe) which took place in Brussels, hosted by the European Commission. The meeting was attended by 35 organizations, including several UN organizations, European Union entities and other Europe-based entities. OIG was represented by the Inspector General and a Senior Auditor who gave a presentation on the results of a benchmarking survey on audit resources and performance among the participating international organizations.

75. As with the RIAS and UN-RIAS meetings, HOIA represents an opportunity for knowledge exchange with similar entities. This year’s meeting featured 22 presentations grouped around the following six subjects:

- risk management;
- cyber security and related audit approaches;
- professional practices;
- audit tools and techniques;
- anti-fraud strategy and tools for fraud risk assessment; and
- sharing of recent audit topics.

76. In October 2018, the Inspector General and the Senior Investigator participated in the 19th Conference of International Investigators (CII) and fifth annual meeting of UN-RIS, organized by the Integrity Unit of the Green Climate Fund, in Songdo, Republic of Korea. This year’s Conference included 60 organizations represented by more than 130 participants. The CII included plenary and workshop sessions selected in content and sequence to present opportunities for sharing information. OIG actively participated in the Conference, including in two Plenary sessions “Humanitarian and Development Aid Investigation and How to Handle Media”, which was moderated by the Inspector General, and “Fostering a Respectful Workplace to Address Harassment in Its Many Forms” moderated by the UN Assistant Secretary-General and Victims’ Rights Advocate in which the Senior Investigator was a panellist.

77. The CII covered a variety of topics including discussions on standards of evidence, sexual exploitation and abuse (with the presence of Ms Jane Holl Lute, Special Coordinator for improving the UN’s response to sexual exploitation and abuse); the use of digital forensics; investigation of implementing partners; and synergies between audit and investigation.

78. The Inspector General chaired the UN-RIS meeting which discussed ongoing activities and its workplan for the coming year. UN-RIS is focusing its activities on (i) standards of evidence; (ii) a database for investigation related judgements; (iii) harmonized tools for sexual exploitation and abuse investigations; (iv) shared practices on harassment investigations; (v) investigation of allegations against personnel of Investigation units; and (vi) modalities for the Investigation of Complaints of Misconduct by Executive Heads.

79. Following initiatives in the UN family to strengthen responses to sexual harassment and sexual exploitation and abuse, OIG participated in the Joint IASC CEB Investigatory Bodies Meeting

on Protection from Sexual Exploitation, Abuse and Harassment. Seventy-seven participants from 26 UN agencies and departments, five NGOs, the Red Cross movement and the World Bank attended the discussions. The meeting included a full day of plenary sessions aimed at partnership and cooperation between organizations to continue to help address both sexual exploitation, abuse and harassment across the global UN system and humanitarian sector.

80. OIG attended the Syrian Investigation Working Group Meeting (SIWG) held in Rome on 23 May 2018 co-hosted by USAID and WFP. SIWG was founded in October 2015 and consists of representatives within the investigative oversight bodies of UN agencies and programmes, governmental organizations and international NGOs. The Group meets annually and coordinates, where appropriate, oversight activities in programmes of work and identifies trends in the Syria-Iraq and cross border regions, with current focus on procurement fraud and corruption matters. Additionally, the 2018 meeting included a SEA component focused on SEA risks and responsibilities in the region.

81. The Inspector General participated in the International Audit and Investigation Group (IAIG) held in Washington D.C. in April hosted by The World Bank. The members of the group were from Ministries of Foreign Affairs and aid agencies, dealing with fraud and corruption in different capacities. Topics discussed included: managing risks in operations; lessons learned from major Humanitarian Assistance Operations; common fraud schemes (introduced by the Inspector General); due diligence; and contract clauses.

Annex A

Overview of risk entities in OIG’s corporate risk register, with an indication of audit coverage in the 2018–2019 biennium and previous biennia.

RESULTS FRAMEWORK AREA	SUB-AREA	AREAS COVERED IN 2018	AREAS PLANNED FOR COVERAGE IN 2019	NOTES ON CURRENT AND PRIOR BIENNIA COVERAGE
Strategic Objectives (SOs) Delivery	Strategic Framework governance	-	-	Covered in 2016–17
	Formulation of SO Action Plans and results frameworks	-	✓	Audit of PWB work planning
	Preparation of Operational Workplans to implement the SO Action Plans	-	✓	Audit of PWB work planning
	Workforce Planning	-	✓	Audit of PWB work planning
	Delivery of Products and Services	-	✓	In 2019 OIG will conduct an audit of the Fisheries department
	Monitoring and Reporting Framework	-	-	Covered in 2016-17

	Field Programme Management and Operations	✓	✓	<p>Regular reviews of Emergency Operations, Project Monitoring, Distribution of Inputs, Sustainability of Project Benefits, Reporting to Donors.</p> <p>Project formulation and approval at DOs.</p> <p>In addition, an Organization-wide review of project cycle management, focusing on project formulation, approval, planning, inception, and closure and reporting will be completed in 2019.</p>
	Technical Cooperation Programme	-	-	Last covered in 2012
Enabling Environment	Outreach	✓	-	Includes resource mobilization (last covered in 2016), corporate communications (last covered in 2015) and partnerships (audit in progress).
	Information Systems and Technology Management	-	✓	Audit of IT security to be completed in 2019. Other areas covered in previous biennia include ERP management, IT project management, IT service management, etc.
	FAO governance, oversight and direction	✓	✓	<p>Regular advice provided on FAO's Internal Control and Accountability Framework, Anti-fraud Policies and Procedures, etc.</p> <p>In addition, in 2019 OIG will audit the arrangements in place to produce FAO's Statement of Internal Control</p>
	Efficient and effective administration	Financial Management	✓	✓

		Human Resources Management	✓	✓	Audit of recruitment of professional staff completed in 2018. Audit of the management of NSHR to be completed in 2019. HR management at DOs reviewed on a regular basis.
		Procurement, Asset and Facilities Management	✓	✓	Audit of procurement of goods completed in 2018, including tender process, procurement monitoring and inspection services. Audits of technical support for procurement, LoAs and information products were completed in 2016–17.
		Administrative and Other Services	✓	✓	In 2018, OIG completed audits of concessionaires, management of the credit union, data privacy and protection and business continuity. In 2019, OIG will conduct an audit of the Shared Services Centre. In 2016–17 OIG completed audits and inspections in various administrative areas, including: the medical service, staff entitlements (education grant, rental subsidy), social security services (service-incurred incidents), management of the FAO Commissary, etc.
	Technical quality, knowledge and services	Statistics	✓	-	In 2018, OIG completed a review of the Statistical Working System upgrade project. In 2016–17 OIG performed an audit of the governance of statistical activities at FAO.
		Cross-cutting issues	✓	✓	In 2018, OIG completed a review of the mainstreaming of nutrition in FAO's work. Gender mainstreaming is considered on a regular basis in audits of DOs and, as appropriate, in corporate audits.
		Special bodies	-	✓	In 2019, OIG will complete audits of two Article XIV bodies: the International Treaty on Plant Genetic Resources (audit carried over from 2018) and the Indian Ocean Tuna Commission.

Capital Expenditure	Capital Expenditure	✓	✓	An audit of a CapEx project (see 'Statistics' above) was completed in 2018. An overall review of the management of the Capital Expenditure Facility will be undertaken in 2019.
Security	Headquarters and Field Security	✓	-	An audit of headquarters security was completed in 2018. An audit of field security was originally planned for 2019 but was deferred for the 2020–21 biennium in agreement with CSDU management.
Decentralized Offices Management and Performance	DO Management and Performance	✓	✓	DO management and performance is reviewed on a regular basis through audits of specific DOs. Each year, OIG completes 15–20 audits of DOs.

Annex B

Decentralized Office Audit Coverage

FAO is currently present in 152 countries. OIG audit coverage by region and by year were as shown below:

Year	RAF	RAP	REU	RLC	RNE	Total
2012	11	2	6	10	4	33
2013	8	5	1	8	-	22
2014	11	5	-	3	2	21
2015	8	6	1	1	1	17
2016	7	3	1	2	4	17
2017	7	2	1	4	5	19
2018	8	3	2	2	1	16*
Total	60	26	12	30	17	145

* These included four carry-over assignments to 2019.

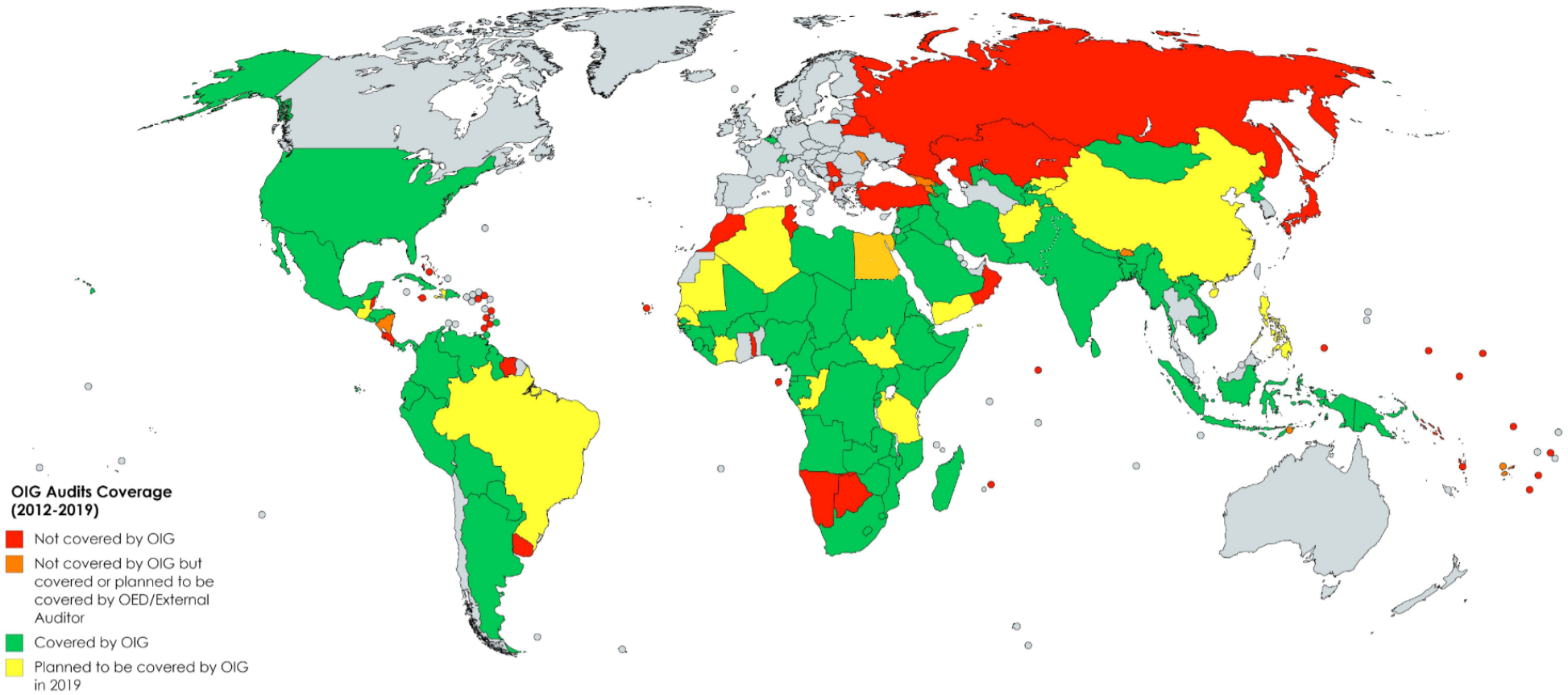
Excluding the 2019 planned assignments, a total of 54 FAO offices had not been audited by OIG in the past six years due to resource constraints.

Total budget in 2018	RAF	RAP	REU	RLC	RNE	Total
Less than USD 1 million	4	13	7	11	2	37 Note 1
Between USD 1 million and USD 5 million	2	4	2	2	1	11 Note 2
Between USD 5 million and USD 10 million	3	-	2	-	1	6 Note 3
Total	9	17	11	13	4	54

Note 1: This included planned OED assignment in 2019

Note 2: This included two Country Offices with oversight coverage by OED in 2017–2018, and two planned evaluations in 2019

Note 3: This included one planned OED assignment in 2019



Annex C

Reports Issued in 2018 Subject to Disclosure Policy

Reference	Title of audit report
AUD 0118	FAO Representation in Gambia
AUD 0218	FAO Representation in Burundi
AUD 0318	FAO Representation in El Salvador
AUD 0418	FAO Representation in Chad
AUD 0518	Nutrition mainstreaming in FAO
AUD 0618	Procurement of goods (supporting policies, processes and systems)
AUD 0718	Independent Report of Factual Findings on costs declared under EU Horizon 2020 Research and Innovation Framework Programme
AUD 0818	Capping Report on Programme and Operations for Country Office Reviews conducted in 2016–2017
AUD 0918	Audit of the FAO Representation in Tajikistan
AUD 1018	Audit of the FAO Representation in Uzbekistan
AUD 1118	Audit of the FAO Representation in Myanmar
AUD 1218	FAO Headquarters Security
AUD 1318	UN Security Management System in Italy
AUD 1418	FAO and WFP Headquarters Security - (Joint Report)
AUD 1518	Audit of the FAO Representation in the Bolivarian Republic of Venezuela
AUD 1618	Data Protection and Privacy Management
AUD 1718	Audit of Headquarters concessionaires
AUD 1818	Audit of the FAO Representation in Rwanda
AUD 2018	Recruitment and Onboarding of Professional Staff
AUD 2118	Audit of Multi-Disciplinary Fund Managed by Office of Chief Statistician
AUD 2218	Audit of Inspection of Goods
AUD 2318	Audit of FAO Representation in Kenya
AUD 2418	Audit of FAO Representation in Sri Lanka
AUD 2518	Audit of Statistical Working System Project
AUD 2618	Audit of Business Continuity Management
AUD 2718	Audit of SDG's Readiness in Support of Countries in Implementation of 2030 Agenda for Sustainable Development
AUD 2818	Audit of FAO Credit Union

Investigations Lessons Learned Reports

Description	Reports Issued
None for 2018	

Annex D

Summaries of Results of Audits Reported in 2018

AUD 0118 – Comprehensive Review: FAO Representation in Gambia

The overall assessment of the Representation was Satisfactory for Country Programme and Advocacy, and Major Improvement Needed for Governance and Accountability, and Field Operations.

Country Programme and Advocacy: The Representation's advocacy and communication efforts were assessed to be adequate. Government and development partners confirmed that FAO was a leading agency in the area of its mandate. The government trusted FAO's expertise, and involved FAO in the preparation of the National Development Plan (NDP). The Representation actively collaborated with other UN agencies, including leading the food and nutrition cluster. Despite challenges encountered due to political instability, FAO developed its CPF and aligned it to the NDP. Resource Mobilization (RM) has been successful – the CPF target amount was exceeded by May 2017. Some improvement was needed in CPF monitoring: (i) evaluating the role of the Steering Committee, which did not take place as foreseen, therefore CPF progress had not been reported regularly to the government; and (ii) developing a roadmap for addressing gaps identified during the gender stocktaking exercise.

Governance and Accountability: The FAOR was aware of the Representation's staffing and structural requirements to meet programme needs; however, this had not yet translated into a staffing gap analysis and HR strategy. HR management needed to improve, in particular, the filing of documentation to demonstrate the transparency of the recruitment process, remuneration rates applied and NSHR performance assessments. Staff development needs were assessed, but in practice training was limited by the lack of available training funds.

Accountability and the control environment also needed major improvement. Roles and responsibilities were not clear and duties were not adequately segregated. Control over assets was unsatisfactory, and indicated no improvement since OIG's 2010 report. There was a high rate of non-compliance with FAO's rules, which may indicate a weak control environment. The FAOR urgently needed to address these points.

Field Operations: The Representation had made efforts to proactively manage and monitor its portfolio of existing and pipeline projects. However, timeliness of project implementation, budget management and uploading comprehensive data in the Field Programme Management Information System (FPMIS) required improvement. The FAOR had plans to recruit an International Operations Officer to improve field programme management. In addition, Representation management needed to:

- i. revise the arrangements for managing its involvement in supranational projects;
- ii. improve its procurement function;
- iii. strengthen management of Service Providers; and
- iv. improve beneficiary selection and establish a proper distribution tracking mechanism.

The audit report contained 19 actions that Representation management agreed to undertake.

AUD 0218 – Comprehensive Review: FAO Representation in Burundi

The overall assessment of the Representation was Some Improvement Needed for Country Programme and Advocacy and for Governance and Accountability; and Major Improvement Needed for Field Operations. The overall control environment had significantly declined since the last audit and Representation management needed to take the necessary measures to correct the weaknesses identified.

Country Programme and Advocacy: Key stakeholders confirmed that FAO was a leading agency in the provision of technical assistance in agriculture and food security. The UN Country Team (UNCT) also

acknowledged FAO's high contribution to UN interventions in the country. However, the Representation needed to establish a communication plan with SMART indicators, conduct a gender stocktake and establish a realistic RM target supported by an action plan.

Governance and Accountability: In 2014, the Representation adopted a structure aligned with a programmatic approach towards implementation of CPF priorities. The field programme became a pivotal basis for monitoring and reporting on CPF implementation. However, reporting lines to the AFAOR/Programme and Emergency Coordinator needed to be demarcated for programme and operations subordinates. Furthermore, there were gaps in finance and administrative staff capacity.

The Representation had a reasonable segregation of incompatible duties relative to its small size, especially in finance. However, internal controls over procurement and assets still required some improvement. In particular, procurement planning was not effective and actions were not conducted in full compliance with corporate rules. Some old assets were not disposed of and replaced in a timely manner.

Field operations: The Representation had developed a local monitoring system, which accumulates and reports on CPF progress using data collected on individual project implementation. The Representation carried out field missions to monitor Service Provider activities during distribution of project inputs to end beneficiaries. Overall, project implementation was mostly on schedule. However, the Representation needed to urgently address major deficiencies on project implementation including: inaccurate assumptions in project formulation; delay in reporting to donors; lack of provision for technical assistance; and lack of engagement from Project Task Force members in project implementation.

The audit report contained 12 actions that Representation management agreed to undertake.

AUD 0318 – Comprehensive Review: FAO Representation in El Salvador

The overall assessment of the Representation was Satisfactory for Country Programme and Advocacy, Governance and Accountability, and Field Operations.

Country Programme and Advocacy: The Representation had the full support of its government partners, who considered FAO a trusted and competent technical adviser. UN agencies and key stakeholders in the country had a very positive view of FAO and were consulted as part of preparations for the CPF. Good progress had been made in implementing the CPF, although the resource gap to fund the intended scope of work remained a challenge.

Given the reduced number of donors in the country, the Representation had been actively working to secure funding from the Green Climate Fund, which would increase resources by USD 64 million over a five-year period. The changes that such funding would bring, in addition to the risks posed by the specific country context, were not being actively managed. The FAOR was planning a stocktaking exercise to further the commitment to gender mainstreaming.

Governance and Accountability: The Representation had an adequate governance structure in place with defined accountability and the system of internal controls was assessed as operating satisfactorily. The governance structure included four committees (Advisory, Technical, Management and Strategic) envisioned as complementing each other and the overall mandate to uphold the results focus and overall accountability of FAO's work in the country. Local management had also developed a procedures manual to ensure clarity and consistency in business processes across the Representation. Administrative processes for LoAs, travel, invoices and payments to support project implementation were generally assessed as satisfactory.

Field Operations: The Representation had established an adequate operational structure to manage and monitor its field programme, and did so effectively through agreed result-based logframes, workplans and progress reports. Government and development partners were satisfied with the implementation of the field programme.

The audit report contained five actions that Representation management agreed to undertake.

AUD 0418 – Comprehensive Review: FAO Representation in Chad

The overall assessment of the Representation was Some Improvement Needed for Country Programme and Advocacy, and Major Improvement Needed for Governance and Accountability, and Field Operations.

Country Programme and Advocacy: The Representation had succeeded in attracting donors and had aligned its CPF with national priorities and the UNDAF, leading to government support and donor engagement with FAO's interventions. Projects were used to implement FAO's priorities in the country as defined in the CPF.

At the same time, external stakeholders interviewed by OIG expressed their concern about FAO's capacity to provide result-based reports in a timely manner and to monitor actual performance of the interventions versus those originally planned. In addition, stakeholders requested regular communication about any delays resulting from time-consuming Project Cycle and procurement internal processes in order to avoid misunderstandings which could negatively affect FAO's credibility.

Governance and Accountability: Internal controls for assets, payments and the Annual Representation Letter needed major improvement; while controls for HR, Procurement and LoA management were found in general to be satisfactory. The Representation also needed to revisit its staffing capacity to be able to deliver its CPF and project portfolio. In particular, the vacant AFAOR-Programme position undermined accountability and capacity, especially for monitoring and reporting progress to stakeholders. The post had been frozen by the Regional Office due to budgetary constraints.

Field Operations: The Representation needed to improve oversight of its field programme to avoid delays in starting and implementing projects. Time-consuming processes within FAO's Project Cycle were one of the challenges. Moreover, the vacant AFAOR-Programme position deprived the Representation of the means to gather information from projects and from taking any remedial actions necessary in a timely manner.

The audit report contained 11 actions that Representation management agreed to undertake.

AUD 0518 – Review of Nutrition Mainstreaming in FAO

The main objective of the review was to assess the adequacy and effectiveness of mechanisms established by Nutrition and Food Systems division (ESN) to support mainstreaming nutrition in FAO's work, both at the corporate and DO levels, following the designation of nutrition as a cross-cutting theme in 2016 under SO 6.5 (outcome 6.5.B).

As a cross-cutting theme, SO 6.5 ensures and measures the delivery of FAO's provision of quality services on nutrition to the Strategic Programmes. The results framework for SO 6 reflects the expected improvements measured by KPIs.

Mainstreaming nutrition in FAO is the joint responsibility of ESN and the Strategic Programme Leaders who identify key opportunities to further integrate nutrition in the Strategic Programmes. ESN has lead responsibility for implementation and monitoring of SO 6.5.

OIG acknowledges the work conducted by ESN to promote nutrition mainstreaming in the last biennium; however, OIG encourages the division to have a stronger and more visible role in leading and promoting nutrition mainstreaming in its early stages until staff become more familiar with nutrition mainstreaming approaches.

OIG recommended the following additional improvements:

- a) update the Nutrition Strategy to reflect FAO's objectives on nutrition and integrate nutrition in FAO as a cross-cutting theme;
- b) finalize the pillars of action document and develop an implementation plan;
- c) develop a communication and training plan to further promote nutrition mainstreaming;
- d) conduct a workforce planning exercise to assess division needs;
- e) finalize divisional workplan to include nutrition mainstreaming goals; and
- f) increase collaboration with stakeholders in DOs and SPMTs.

Based on its review, OIG concluded that Organizational performance, in the processes and functions reviewed, Needs Some Improvement. The audit report included eight Agreed Actions requiring management attention.

AUD 0618 – Procurement of goods (supporting policies, processes and systems)

The objective of this review of the procurement of goods was to assess the adequacy and effectiveness of the governance, risk management and control processes that support the procurement of goods, and to ensure that assets were properly safeguarded and policies and procedures were complied with.

The audit identified several control weaknesses where steps needed to be taken to strengthen and better ensure the effectiveness of procurement processes. It should be noted that although this audit reviewed supporting processes in the context of the procurement of goods, some of the findings extended to supporting processes and systems for procurement in general. The key findings were as follows:

- although currently being updated, MS 502 on Procurement of Goods, Works and Services had not been updated for several years and was out of date with certain best practices in procurement such as public tendering. MS 502 also referred to FAO structures which no longer exist.
- no global system was in place to collect and monitor procurement and tendering related data. This limits the Organization's ability to proactively monitor the process and make any necessary changes to enhance effectiveness and efficiency.
- the headquarters email tender gathering and opening process did not ensure the protection of the confidentiality of bidding information.
- The audit report included 22 Agreed Actions aimed at addressing these findings and other control weaknesses discussed in the report. In OIG's view, management should give priority to the following:
 - finalize the update of MS 502 and ensure harmonization with other CSDA guidance and procurement best practices;
 - develop a clear policy and the related global system to gather and monitor detailed procurement and tendering data; and
 - strengthen controls over tender bid safekeeping and opening.

In conclusion, OIG determined that Organizational performance and the effectiveness and efficiency of the supporting processes and systems for the procurement of goods Needs Some Improvement.

AUD 0718 – Independent Report of Factual Findings on costs declared under EU Horizon 2020 Research and Innovation Framework Programme

OIG reviewed the costs declared in FAO Financial Statements concerning the grant agreement Building Research environments for fostering Innovation, Decision Making, Governance and Education to support Blue growth ('BlueBRIDGE'), with a total cost declared of EUR 801 890.30 (total of actual costs and unit costs calculated in accordance with FAO usual cost accounting practices declared of EUR 641 512.24).

Because the procedures carried out did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, OIG did not give a statement of assurance on the Financial Statements.

OIG examined the costs declared and generally concluded with their conformance with the provisions of the Grant Agreement except for the management of timesheets.

OIG was able to successfully reconcile the personnel costs for all staff members from the general ledger to those costs charged to the project and was able to reconcile the hours charged to the project with the time records provided by the project team, even if some of these time records did not fully meet the requirements established in the grant conditions. Within the variety of existing time recording arrangements, OIG determined that all timesheets produced by personnel working for the project were eventually authorized by the project manager. However, this authorization did not always happen on a monthly basis, as required by the grant conditions.

AUD 0818 – Capping Report on Programme and Operations for Country Office Reviews conducted in 2016–2017

OIG conducted 22 Programme and Operations (P&O) audits of COs in the 2016–17 biennium. The Capping Report:

- summarized the results of those audits relating to Country Programme and Advocacy, and Field Programme and Operations activities;
- identified the causes of recurring deficiencies, which negatively impact on efficiency and effectiveness; and
- included actions to assist management in correcting the deficiencies identified.

The Country Programme and Advocacy section showed that 76 percent of the COs audited were rated as Satisfactory or Some Improvement Needed in comparison with 59 percent of COs in the Capping Report covering the 2014–15 biennium.

Key areas for improvement were in RM, risk management and in the monitoring and reporting of CPF implementation.

The key underlying causes of deficiencies were the lack of capacity in COs to support these processes and incomplete provision of concepts and guidelines from the business process owners to COs. OIG noted that Senior Management was preparing a new RM strategy and new CPF monitoring and reporting processes that should address some of these issues. OIG proposed three actions and one compliance issue to address the remaining issues on communication, risk management and the monitoring function and process.

The Field Programme and Operations section showed that 72 percent of the COs audited were rated as Satisfactory or Some Improvement Needed compared to 61 percent of COs in the Capping Report covering the 2014–15 biennium.

Key areas for improvement were the need to establish an adequate procurement function and procurement planning strategy, LoA management, procurement of inputs, inventory and distribution activities, and project implementation.

The main causes of deficiencies in procurement and LoA management were inadequate capacity in COs to support the procurement function, inadequate procurement and LoA training to ensure adherence to the MS and inadequate monitoring. Inventory and distribution management suffered from a lack of corporate-supported processes, resulting in ad hoc solutions being used. Project implementation issues resulting in slow delivery and regular no-cost extensions arose from an underlying lack of operational capacity and project management skills in COs, lack of corporate guidelines on project implementation and under-resourcing of the Project Cycle Management Unit (PCMU), which is responsible for developing the guidelines.

OIG acknowledges that there are a number of ongoing corporate initiatives to address these issues. OIG proposed seven actions to address the issues related to technical quality assurance of project outputs, project management and monitoring.

OIG also noted that the business functions at country level, e.g. strategic planning, communications and advocacy, RM, project design and implementation were interlinked. However, these functions at headquarters level often belong to, or are shared by different units with limited coordination between them. While OIG made recommendations to the specific business policy or process owners, it considered that coordination required strengthening so recommendations could be jointly addressed.

AUD 0918 – Audit of the FAO Representation in Tajikistan

Overall, OIG assessed that the Representation Needed Major Improvement in Country Programme and Advocacy, Governance and Accountability, and Field Operations.

Country Programme and Advocacy: In general, the Representation advocated FAO's mandate and liaised with its partners. This was recognized by the external stakeholders interviewed by OIG. Although it had not developed an RM strategy, the Representation had proactively negotiated different modalities with donors and UN agencies. However, the Representation needed to enhance its advocacy activities, adopt a programmatic approach to implementing FAO's country priorities and implement measures for gender mainstreaming in cross-cutting themes.

Governance and Accountability: The Representation did not have a strong governance structure and a robust accountability framework that promoted transparency and integrity. Core staffing was limited and did not include an AFAOR Administration. The Representation had not finalized its organizational structure or clarified roles and responsibilities for its staff and other personnel. Only a few of the main workforce comprising of NSHR were trained and the Standard Operating Procedures (SOPs) for its processes had not been approved and communicated to them to guide their work. Personnel relations were tense and the working environment was negative, with a culture of blame and accusations among colleagues.

Field Operations: The project management workflow was fragmented without systematic involvement and communication between the project teams, Programme unit and Monitoring and Evaluation (M&E) function. The Lead Technical Officers (LTOs) were closely involved in the supervision of projects, which conflicted with their functions in carrying out independent technical reviews. This also diluted the accountability and authority of the Programme unit. The Representation did not implement an M&E strategy and regular independent monitoring. Control weaknesses were identified in the selection of project beneficiaries and in the management of Service Provider governed LoAs.

The audit report contained ten actions that Representation management agreed to undertake.

AUD 1018 –Audit of the FAO Representation in Uzbekistan

Overall, OIG assessed that the Representation Needed Major Improvement in Country Programme and Advocacy and Governance, and Some Improvement Needed in Field Operations.

Country Programme and Advocacy: The Representation did not have the ability to meet stakeholder expectations in a country context where there was high demand for FAO's services and a favourable RM environment. This was because of limited capacity in the Representation, which had an FAOR based in the Subregional Office for Central Asia (SEC) and a single staff member, the AFAOR Programme covering multiple roles. The Representation had been unable to:

- provide support to the government on the development of an agricultural investment strategy;
- take a leadership role in the development partners' coordination mechanism;

- respond to an increased level of demand from the government; and
- provide support on the SDGs.

This has led to a risk that FAO would lose its position as key technical adviser in the agriculture and food sector, and in missed opportunities for RM due to the development partners' concern about lack of capacity. The lack of a communication strategy compounded this risk.

Governance and Accountability: The absence of an in-country FAOR and AFAOR Administration left a gap in the Representation's role in advocacy, coordination and oversight of the internal control system as the AFAOR Programme was required to perform all these roles. The Representation required significant enhancement in its capacity in order to be able to deliver the new CPF and forthcoming larger projects. In addition, funding of operational expenses by the host government was at risk. The administrative support processes were generally operating adequately within the limitations of the office size.

Field Operations: Project management arrangements had been adequate to-date given the small size of the portfolio limited to Technical Cooperation Projects. However, operational capacity was insufficient to implement the new Global Environment Facility (GEF) project, which became operationally active in 2018. Project management had been supported by the involvement of LTOs in the process, which could compromise the technical quality assurance of the project. In addition, the results focus of implementation arrangements was weak. There were inadequate baselines, indicators and targets in the project logical framework (logframes) and no M&E function and strategy were in place to verify the effectiveness and impact of projects. The in-country components of supranational projects suffered from inadequate consultation with the government during the formulation stage and inadequate delegation of implementation activities and related budgets to the Representation.

The audit report contained ten actions that Representation management agreed to undertake.

AUD 1118 – Audit of the FAO Representation in Myanmar

Overall, OIG assessed the Representation as Needs Some Improvement in Country Programme and Advocacy, Governance and Accountability, and Field Operations.

Country Programme and Advocacy: The Representation met the basic expectations of government and development partners, but had limited resources which prevented it from taking a larger and more strategic role in the development and emergency sectors, and from implementing the CPF on a programmatic basis. More international staff and resources were required to support ongoing RM, communication and monitoring functions. In addition, the Representation needed more support for its SDG and gender mainstreaming engagements.

Governance and Accountability: The Representation was rated as functioning adequately against most of the criteria assessed in this section. However, slow recruitment of staff and the use of short-term contracts to support ongoing functions, limited the Representation's capacity to adopt a programmatic approach. Significant delays of up to one year to recruit international staff had resulted in slow project implementation.

Field Operations: The Representation was generally assessed as operating adequately against the criteria for this section. However, the government's refusal to accept certain clauses in FAO's standard project agreement templates led to significant delays on project approvals, with a resultant risk of dissatisfaction from donors and beneficiaries. In addition, the procurement process required an increased level of monitoring to ensure transparency, competitiveness and best value. LoAs required increased monitoring of delivery against due dates.

The audit report contained eight actions that Representation management agreed to undertake.

AUD 1218 – FAO Headquarters Security

FAO's OIG and WFP's Office of the Inspector General undertook a joint audit of security arrangements in their respective headquarters. The audit was supported by the Division of Headquarters Security and Safety Services of the United Nations Department of Safety and Security (UNDSS).

The overall audit objective was to assess whether FAO and WFP had taken sufficient and appropriate measures to protect their personnel, premises and assets at their respective headquarters and more generally in Italy.

The audit report presented the conclusions about the effectiveness of security arrangements at FAO headquarters. A separate report dealt with the implementation of the UN Security Management System in Italy.

Compared to a previous review conducted by OIG in 2011, significant improvements had been made in the security of FAO headquarters, such as: (i) enhanced pedestrian access control through the installation of turnstiles; (ii) construction of an external visitors entrance pavilion with enhanced security screening; (iii) limitations and enhanced control to vehicle entrance; and (iv) other infrastructural improvements such as new security booths.

Overall, security arrangements at FAO headquarters, including architectural, procedural and human elements in place were fit for purpose. FAO personnel, visitors, premises and physical assets in Rome were exposed to acceptable levels of risk, in view of the threats and risks identified in the Security Risk Management document. This report included 27 recommendations to further improve performance. OIG acknowledges that most of the recommendations made by UNDSS would require a one-time investment and/or an increase in CSDS' budget. In view of this, as a first step CSDS in liaison with other units as necessary should estimate the cost of each action, prioritize actions and develop an action plan.

Based on the foregoing, OIG determined that Organizational performance as regards headquarters security Needs Some Improvement.

AUD 1318 – UN Security Management System in Italy

In the context of a joint FAO/WFP audit of security at headquarters (see AUD 1218), this report presented conclusions on implementation of the UN Security Management System (UNSMS) in Italy.

The audit team found that overall the applicable UNSMS policies and procedures were implemented in Italy, with the exceptions listed in the report. The Security Risk Management (SRM) structure was in place; documentation was mostly in order; UNSMS maintained excellent relations with the host government and enjoyed the full support of law enforcement, military and intelligence officials.

The audit team was of the opinion that the policies and procedures in place in Italy were sufficient to keep risk levels to staff and premises at acceptable levels.

There were two areas that required attention to ensure that safety and security policies are known and understood by all staff in all agencies: participation and awareness, which needs to be led and supported by senior UN management in the country.

Additionally, complying with the UNSMS policies as recommended in this report, will improve the ability of UNSMS personnel to deal with crisis or emergency situations should they occur.

Based on its review, the auditors concluded that the processes and functions reviewed Need Some Improvement. The audit report included 15 recommendations requiring management attention.

AUD 1418 – FAO and WFP Headquarters Security (Joint Summary Report)

In the context of a joint FAO/WFP audit of security at headquarters (see AUD 1218), this report presented the auditors' high-level conclusions about the effectiveness of security arrangements at FAO and WFP headquarters.

Separate reports were issued by FAO and WFP's internal audit units containing a comprehensive analysis of physical security arrangements at FAO and WFP headquarters respectively, as well as overall arrangements of the Security Management System in Italy, including lists of recommended improvement actions.

The audit team found that overall the applicable UNSMS policies and procedures were effectively implemented in Italy, with some room for improvement in a number of areas as listed in this report. The audit team was of the opinion that the policies and procedures in place in Italy were sufficient to keep risk levels to staff and premises at acceptable levels. The audit team also found that the specific security arrangements at FAO and WFP headquarters, including architectural, procedural and human elements in place were adequate overall. FAO and WFP personnel, visitors, premises and physical assets in Rome were exposed to acceptable levels of risk, in view of the threats and risks identified in the SRM.

Nevertheless, the audit found a number of areas where there is still room for improvement. In several cases, FAO and WFP were facing common challenges.

The audit report did not contain recommendations as they were included in the comprehensive reports addressed separately to each organization.

AUD 1518 – Audit of the FAO Representation in the Bolivarian Republic of Venezuela

Overall, OIG assessed the controls, arrangements and management of risks for Country Programming and Advocacy, Governance and Accountability as Unsatisfactory, and Field Operations as Major Improvement Needed.

Country Programme and Advocacy: The Representation had established a good working relationship with the government and UNCT in Venezuela. However, the Representation did not track and accurately report the implementation of the CPF and did not have an RM strategy. Advocacy activities were limited, including participation in the government and UNCT sponsored initiatives on the SDGs and the Representation had pending areas of work in gender mainstreaming. There were also negative media reports criticizing the lack of communication and accurate reporting by FAO on food and nutrition in the country.

Governance and Accountability: The Representation lacked a strong governance structure and a robust accountability framework. The position of in-country FAOR had been vacant since September 2017. The AFAOR Programme was the Officer-in-Charge for day-to-day matters with nearly 70 percent of the Representation's personnel being government-assigned employees. Under this arrangement, OIG identified control weaknesses in the management of human resources, procurement, vehicles, assets and travel. In addition, the Representation did not have an established process for risk management.

Field Operations: Field Operations were limited to two projects with delivery in 2016–2017 due to lack of funding. The formulation, implementation, monitoring and reporting of the GEF funded project was satisfactory. However, for the Technical Cooperation Project there was inadequate monitoring and reporting on project implementation, including the absence of monitoring visits to the project site, lack of verification of the selection of beneficiaries against the established parameters and of input distribution to beneficiaries. As a result, there were no assurances that aid was delivered to the intended beneficiaries. The absence of grievance mechanisms further compounded these risks. Procurement management was also inadequate due to the absence of procurement planning and supporting documentation on the competitiveness and transparency of the procurement process.

The audit report contained ten actions that the Representation agreed to undertake.

AUD 1618 – Data Protection and Privacy Management

OIG completed a review of FAO's data protection and privacy (DPP) management at FAO. The review analysed FAO's governance arrangements for DPP management against recognized best practices and laws.

The audit found that FAO did not follow any of the internationally accepted frameworks on DPP. FAO is not subject to national law, including European Union (EU) law, in view of its extra-territorial status as well as its privileges and immunities. The EU's General Data Protection Regulation (GDPR) is therefore not directly applicable to FAO. The UN has made attempts to clarify its position with the EU. However, as of the date of this report, the extent to which GDPR provisions may be applicable to UN entities is not yet clear. Consistent with the Organization's position in other areas, OIG is of the opinion that, while not mandatory for FAO to follow national or regional laws, FAO still needs to demonstrate to stakeholders its commitment to the best practices and principles enshrined in those laws or other UN regulations.

The audit concluded that controls in the areas of data collection, processing, access rights, retention, storage and disposal Needs Major Improvement. In particular, FAO had not developed a full classification of the data it collects, stores and manages, nor were there structured controls for high-risk areas such as sensitive, personal and confidential data. There was no policy on data retention periods and access to data. Personnel dealing with personal data were not trained on how to deal with it.

Moreover, in the specific areas of project/programme delivery, where FAO frequently collects personal data on beneficiaries/stakeholders, OIG assessed FAO's data controls as Unsatisfactory. There was no policy on beneficiary data protection. FAO did not routinely seek consent from beneficiaries for collection or transmission of their data, and notions of beneficiary data protection and guidance for implementing partners were not included in LoAs, Operational Partner Agreements and other agreements. In practice, data collection, processing and retention varied among FAO offices, and was significantly delegated to implementing partners without monitoring from FAO.

The audit report contained eleven actions to develop FAO's DPP framework and improve current controls.

AUD 1718 – Audit of Headquarters Concessionaires

The main objective of the audit was to assess the extent to which: (i) clear criteria for new concessionaires were developed; (ii) procurement processes were in line with MS 502; (iii) contracts were managed adequately; and (iv) concessionaires presented risks to the Organization.

OIG concluded that Organizational performance in the processes and functions reviewed Needs Some Improvement. Specific conclusions for each of the subobjectives of the audit are presented below.

Criteria for new concessionaires: discussions with relevant stakeholders and Senior Management took place, however, clear criteria for developing new concessions or prioritizing services were not in place.

Procurement processes: generally procurement for all concessionaires was in line with the Organization's policies and procedures. Technical specifications and tender documents were adequate.

Contract management: Concessionaire contracts were managed adequately. CSDI recently streamlined the management of concessionaires and unified the reimbursement rate to be in line with market values. CSDI should establish Service Level Agreements (SLAs) for all contracts, revise the frequency of customer satisfaction surveys as necessary, and develop clear guidelines on record keeping.

Risks to the Organization: Concessionaire contracts, like other contracts, are prone to generic risks, including financial, legal or reputational. Contract clauses and performance securities protect the Organization from liabilities and these were found to be generally adequate. However, it is necessary to apply performance securities consistently and ensure that all contracts reflect updated General Terms and Conditions.

The audit report contained 11 Agreed Actions requiring management attention.

AUD 1818 – Audit of the FAO Representation in Rwanda

Overall, OIG assessed that the Representation Needs Some Improvement in Country Programme and Advocacy, and Needs Major Improvement in Governance and Accountability, and Field Operations.

Country Programme and Advocacy: The Representation positioned itself as the trusted adviser in the agricultural sector. It was co-chairing the Agriculture Sector Working Group, a key dialogue platform for all stakeholders in the Rwandan agricultural sector. The Ministry of Agriculture expressed its appreciation of FAO's activities in the country and representatives from UNCT commended FAO for its active engagement within the Delivery as One framework, where FAO was co-chairing the Development Result Group. However, areas for improvement included the establishment of an RM strategy and action plan, reliable reporting of CPF achievements as well as in gender mainstreaming. In addition, the Representation needed to clarify its privileges under the host country agreement for free office premises. Since 2011, the Representation paid rent of over USD 100 000 per year, totalling over USD 800 000 and faces a further liability of USD 3 million to be accommodated at the new United Nations house.

Governance and Accountability: During its annual staff retreat and staff meetings the Representation clarified the organigramme, discussed fraud prevention plans and identified areas of improvement. However, these initiatives were inadequate without proper follow up and implementation. OIG assessed the internal control environment to be weak. Approved staffing resources were not well organized to address workload, and monitoring and verification controls were seen as optional in order to shorten processing times. OIG identified a number of control weaknesses in human resource management, procurement, financial management, and asset and fuel management. In February 2017, the Representation did not make the necessary checks to verify a vendor's banking information and paid USD 30 000 to a fictitious vendor's bank account. OIG has investigated this case and the attempts by FAO Finance Division to recover the fraudulent payments from the financial institutions involved in making the bank transfer had been unsuccessful.

Field Operations: The Representation held weekly meetings where project managers reported project activities and discussed pending issues for follow up. However, the progress of projects was not measured against the pre-established indicators and approved budgets. Progress reports in FPMIS were incomplete and the list of pipeline projects had not been updated since 2016. In addition, OIG identified a number of control weaknesses in procurement and management of LoAs. These included: lack of technical specification clearance; absence of segregation of duties in procurement; non-compliance with bid opening procedures; full advance payment for LoAs with government; and contract awards which were not reviewed by the Local Procurement Committee. On input distribution, there was a need to enhance the tracking mechanism for the procure-to-distribute cycle.

The audit report contained ten actions that management agreed to undertake.

AUD 2018 – Recruitment and Onboarding of Professional Staff

The objectives of the review were to assess whether FAO's recruitment and onboarding policies and procedures were effective, efficient, transparent and undertaken in a timely manner. The review focused primarily on recruitment actions undertaken between September 2016 and August 2017.

The review identified many good practices and improvements since OIG's last audit (2011), including: the development and standardization of generic job profiles; composition of the Professional Staff Selection Committees (PSSC); and generally a stronger role and leadership from the Office of Human Resources (OHR) ensuring greater quality and consistency in the process.

Most recruitment actions ran smoothly and resulted in the hiring of technically competent candidates in line with recruitment objectives and guiding principles (geographic and gender balance). However, there was room for improvement in some phases of the regular recruitment and onboarding process.

In addition, the Organization's practices for appointments through the employment roster revealed weaknesses that reduced competition for positions and diminished the technical suitability of appointees. The considerable use of roster appointments during this period was in part due to the existence of an exceptionally high vacancy rate in the Organization and consequently the need to fill a high number of posts in a short period of time. In addition, staffing shortages within OHR during the period under review may have contributed to some of the weaknesses observed. OIG acknowledges that at the time of this report OHR had already started to take action to address these weaknesses and to tighten the conditions for the use of rosters.

Considering the developments already in progress in the use of roster appointments and other areas, overall FAO's regular recruitment and onboarding policies, procedures and practices Need Some Improvement to ensure that candidates of high technical competence are hired.

The audit report included 20 actions agreed with OHR and the SSC to improve the recruitment process.

AUD 2118 –Audit of the Multidisciplinary Fund managed by the Office of the Chief Statistician (MDF-OCS)

OIG completed a review of the management of the multi-disciplinary fund (MDF) for the SDGs managed by the Office of the Chief Statistician (OCS). The main objectives of the review were to assess the extent to which:

- 1) the use of the MDF has been adequately planned, monitored and reported;
- 2) MDF delivered its planned outputs;
- 3) funds were used for authorized types of expenditure;
- 4) funds were used efficiently and economically; and
- 5) expenditure was in compliance with FAO's policies and procedures.

FAO is the custodian agency for 21 of the 230 SDG indicators. An MDF of USD 2.3 million was established for the 2016–2017 biennium to support the monitoring of these indicators; to strengthen countries' statistical capacities through developing e-learning courses and an SDG web portal; and by delivering workshops. The Chief Statistician is budget holder and responsible for overall monitoring.

OIG concluded that Organizational performance in the processes and functions reviewed was Satisfactory. Specific conclusions for each of the subobjectives of the audit are presented in Table 1 below.

Table 1: Objectives and rating summary

Audit Objectives	Rating
Use of MDF has been planned, monitored and reported	Satisfactory
MDF delivered its planned outputs and funds were used in line with agreed activities	Satisfactory

Funds were used for authorized expenditure		Some Improvement Needed
Funds were used efficiently and economically		Satisfactory
Expenditure was in compliance with FAO's policies and procedures		Satisfactory

AUD 2218 – Inspection of Goods

The objective of the review was to assess the adequacy and effectiveness of the governance, risk management and control processes for the inspection of goods, and to ensure that assets were properly safeguarded and policies and procedures were complied with.

Several control weaknesses were identified, indicating the steps that need to be taken to better ensure effective inspections. The key findings identified were:

Existing guidance for inspection services may be inadequate for certain users. As a result, contracts for inspection services may not always ensure effectiveness.

Although inspections for most goods purchased were performed by FAO personnel, especially when Country Offices were the buyer, guidance and templates to assist users in performing this activity was minimal.

While identified by CSDA as the best approach under the current circumstances, FAO continued to use only one Service Provider, Baltic Control Ltd. to perform 89 percent of all third-party inspections, without a Long Term Agreement (LTA) and mostly through direct procurement.

The system to monitor and evaluate the performance of inspection services and the overall performance of the primary Service Provider, Baltic, was minimal. This limited FAO's ability to assess whether inspection services were being performed effectively and efficiently.

The audit report included eight Agreed Actions aimed at addressing these findings and other control weaknesses discussed in the report. In OIG's view, management should give priority to the following:

update and further develop guidance and templates to assist users in ensuring inspection services are effectively executed from the outset;

urgently complete the tendering process for an LTA with third-party inspection Service Providers;

submit the use of Baltic through direct procurement for Headquarters Procurement Committee (HQPC) approval; and

establish a subunit to monitor and act as contract manager for inspection service LTAs.

In conclusion, OIG determined that Organizational performance and the effectiveness and efficiency of the supporting processes and systems for the inspection of goods was Some Improvement Needed.

AUD 2318 – Audit of the FAO Representation in Kenya

Overall, OIG assessed the Representation as a well-managed office with Some Improvement Needed in Country Programme and Advocacy, Governance and Accountability, and Field Operations.

Country Programme and Advocacy: The Representation had actively advocated FAO's mandate, liaised with its partners and was widely recognized as a valuable development partner for Kenya by its key stakeholders. However, the Representation needed to establish a realistic RM target for the CPF 2018–2022, supported by an RM strategy and action plan, taking into account resource trends, its capacity to deliver and the list of potential resource partners. In addition, the Representation could benefit from a gender equality stocktaking exercise, which had not been updated since 2013, to provide a basis for more effective gender mainstreaming.

Governance and Accountability: The Representation was operating a complex structure with its headquarters in Nairobi and 17 field offices in the country, with a total of 138 personnel. In addition, the Representation was hosting 22 personnel from various technical units in Nairobi that increased its administrative workload. There was adequate segregation of duties, proper human resource records and controls over asset management. The Representation also had a risk management and fraud prevention plan in place. However, the Regional Office for Africa (RAF) needed to support the Representation in finalizing the recruitment of AFAORs for Programme and Administration which had been vacant since 2015 and 2017, respectively. This partly resulted in the two acting AFAORs each supervising between 25 and 33 personnel spread across 9 to 16 locations, respectively. Further, the Representation needed to assess the cost effectiveness and justifications of having 69 percent of its personnel in Nairobi rather than having more personnel at field locations, closer to project sites.

Field Operations: The Representation had a structured project management workflow and proper staffing complemented by an M&E team, as well as a Compliance unit providing targeted oversight at project sites. In general, the Representation maintained proper documentation on project management, procurement, LoAs and input distribution. However, the audit revealed a few exceptions in procurement and LoA management such as payment of an advertisement fee for an NGO, payment for the performance of a pop musician for a Technical Cooperation Programme, an 80 percent advance payment on signing of an LoA and payment of 25 percent project coordination fee to a Service Provider. In addition, the Representation did not have grievance mechanisms in place to receive and handle complaints from project beneficiaries.

The audit report contained six actions that management agreed to undertake.

AUD 2418 – Audit of the FAO Representation in Sri Lanka

Overall, OIG assessed the Representation as Some Improvement Needed in Country Programme and Advocacy, Governance and Accountability, and Field Operations.

Country Programme and Advocacy: The Representation was moving from implementation of a large field programme to the provision of upstream technical support and capacity building where it had been proactive in policy, SDGs, nutrition and gender. The Representation met the expectations of government and development partners. However, the key risk was that the limited technical and support resources available to the Representation would be further reduced with the reduction of the field programme and the departure of the Food and Nutrition Security Impact, Resilience, Sustainability and Transformation (FIRST) Policy Officer. The RM target of USD 20.3 million might not be achievable after the Representation failed to secure the USD 8 million for a pipeline project due to changes in government priorities. On gender mainstreaming, the Representation needed to update the gender action plan to provide a basis for effective implementation.

Governance and Accountability: The Representation had an adequate governance structure and system of internal controls for its size, within the constraints of limited funding from the Regular Programme (RP). Segregation of duties was adequate to the extent possible with a total of eight staff positions funded by RP. However, this might change as the expected reduction in the field programme will further reduce the capacity of administrative and operational support in the Representation. The Representation should avoid the granting of cash advances to FAO personnel for direct cash distributions to beneficiaries due to the risks of financial losses during handling and transfer of physical cash.

Field Operations: The Representation had a structured operational workflow for project management. Although all four sampled projects showed delays and required no cost extensions, the Representation had identified the causes and had taken action to address them. Actions taken included working proactively with counterparts to deliver their agreed commitments, and allocating operational officers to expedite project implementation. Once identified, issues were resolved and the Representation was able to implement the projects in accordance with workplans and achieved results as per the logframes within the approved budgets. The procurement and LoA selection processes and management were generally operating adequately, although some improvements could be made. These include procurement planning, review of budgets, terms and conditions of LoAs, and verification of underlying financial information from Service Providers prior to final payment. The Representation needed to prioritize the Monitoring Officer's tasks and cease the assignment of tasks that conflict with their independence in carrying out the monitoring function.

The audit report contained six actions that management agreed to undertake.

AUD 2518 – Audit of the Statistical Working System Project

The overall objective of the review was to assess the planning and implementation management of SWS and the likelihood of the project achieving its objectives.

As at November 2018, SWS was a three-phase CapEx project, with the first two phases completed. Phase I ran from August 2010 to June 2014 and was managed by the Information Technology Division (CIO). Phase II ran from December 2014 to October 2017 and was managed by the Statistics Division (ESS). The CapEx Board endorsed a proposal for Phase III in April 2017, but actual implementation has yet to start. As at September 2018, the total expenditure incurred in the implementation of the project was USD 4 053 943 (including USD 2 334 000, USD 1 388 835 and USD 331 108 under Phases I, II and III, respectively).

The review found gaps in the governance, scoping, costing, planning, implementation and quality assurance of Phases I and II. These gaps resulted in difficulty for OIG to measure and assess to what extent the objectives of the two phases had been achieved. Salient among these gaps were the broadness of the objectives and scope coverage of the two phases and the uncertain number of final products to be delivered. After completion of Phases I and II, and the unofficial start of Phase III, the fundamental goal of developing a new working system that supports corporate statistical processes has not yet been fully accomplished. As at November 2018, SWS was used in the delivery of important corporate outputs such as ESS production, trade, and Food Balance Sheet statistics and the State of Food Security and Nutrition in the World, as well as in supporting other complex ESS statistical processes. However, the system still needs to be extended to other statistical processes and to be enhanced in terms of IT functionalities.

The implementation of Phases I and II significantly exceeded the planned timescale. This was mainly because of several changes to the project scope and implementation plan, delayed availability of allocated budgetary funds and high turnover of project personnel. The lack of adequate support from FAO Senior Management hindered attempts to limit these delays. The two phases were closed before completion of all planned activities and delivery of all targeted outputs.

In conclusion, OIG determined that Organizational performance as regards the management of the SWS Project Needs Major Improvement. There was an urgent need to apply the lessons learned from the implementation of Phases I and II in scoping out and developing the Phase III implementation plan to increase the assurance of effective and efficient use of Organizational resources and the achievement of project objectives. CIO and the Deputy Director-General, Programme agreed to take or coordinate the 18 actions contained in the report to address the issues identified.

AUD 2618 – Audit of Business Continuity Management

The objectives of the review were to assess FAO's progress in developing and implementing an Organization-wide BCM programme since the last audit report.

While significant progress had been made since 2010, FAO still did not have a fully functional Organization-wide BCM programme. This places FAO in a vulnerable position should an unexpected event occur. OIG acknowledges that, as at the date of this report, work was in progress to fill the gaps in this area.

Following OIG's 2010 report, the Organization had made different attempts at establishing a BCM framework, with the support of specialized consultants. Firstly in 2011–2013, but the draft plans developed were not implemented due to lack of internal expertise and funding. After no progress over three years where the Organization explored a cost-sharing solution with WFP, in 2017, under the supervision of the Deputy Director-General, Operations, and the leadership of the Corporate Services Department (CS), the Organization embarked on a new project, which is part of a UN initiative, to implement an Organizational Resilience Management System (ORMS) that combines Security Management, Business Continuity and Risk Management. The project had two phases:

implementation at headquarters and the SSC office in Budapest (which should have become operational in early 2018); and

roll out to COs (planned to be operational during the first quarter of 2019).

The project had been delayed because the expert consultant who was hired by CS to lead the project could not be renewed due to administrative reasons. A new consultant was hired in November 2018 to complete the project.

AUD 2718 – Audit FAO's SDG Readiness in Support of Countries in the Implementation of the 2030 Agenda for Sustainable Development

The audit focused on assessing the extent to which governance and implementation arrangements were in place to guide FAO's work on the SDGs. It flagged key risks that could limit FAO's ability to advance the progress made to help countries attain their SDGs at the country level and in partnership with other stakeholders.

Assessment criteria were developed in collaboration with the SDG team, based on the preliminary risks identified during planning. OIG developed a "maturity model" with a spectrum of four levels of maturity as a benchmark for the Organization's readiness. These levels were anchored in the assessment criteria and associated risks, and were validated with key stakeholders.

OIG's opinion was that FAO had an overall maturity level of 'aware', where the level of awareness varies from custodianship and global roles being more advanced than the regional and country involvement. It was broken down into the following categories:

	Maturity Level	Key conclusions
FAO's institutional role, priorities and guidance for supporting the SDGs	Level 2 - aware	FAO has defined the changes in the environment, individual roles have been identified, and has taken steps to communicate these changes throughout the Organization. Further enhancements need to be more proactive and seize on key opportunities to adjust and shift priorities to address challenges at country and global level.

Roles, authority and accountability of individual divisions and offices	Level 2 - aware	FAO has defined the individual responsibilities related to the SDGs, which have been assigned and communicated informally. Further refinements would include a formal communication of these individual responsibilities, with the staff performance management system fully aligned to corporate roles for advancing the SDGs.
Resources and capacity in the Organization dedicated to the SDGs	Level 2 -aware	Overall, FAO has assessed its human resources and capacity needs to support Member States in attaining their SDGs. Further refinements along the maturity model would include: conducting a thorough needs assessment, implementing a strategy to address the resource gaps, and aligning human resources and institutional capacity to better support Member States. In spite of very limited resources dedicated to SDGs at the corporate level, good progress was made in the custodianship role and globally.
FAO has a clear understanding of Member States' expectations of FAO's involvement in supporting the SDGs	Level 3 - defined	FAO has made good progress in its advocacy for Member States to adopt the SDGs and corresponding indicators. In this regard, FAO's scope of work is generally aligned to the 2030 Agenda. More progress needs to be made in assisting countries with integrated policy support across the food and agriculture sectors, and in better leveraging partnerships. FAO COs need to make better efforts in adopting a programmatic approach consistent with the SDGs.
Roadmap of next steps for FAO	Level 2 - aware	FAO has developed an approach consistent with its Strategic Framework (SF) to advance the SDGs. Further enhancements as the model becomes more mature would include: a roadmap for increasing FAO's policy-oriented contributions to development and ensuring that its SF, the SDGs and FAO's country priorities to support Member States are integrated.

OIG proposed two actions to assist FAO in moving towards a higher maturity level, where FAO needed to:

define and better prioritize FAO's key roles in SDG implementation at country, regional and global level; and

assess capacity and analyse the gaps between FAO's expected role and its current capacity in order to link expectations to implementing capacity, human and financial resources and partnerships.

AUD 2818 – Audit of Credit Union

The Credit Union is an integral part of FAO pursuant to Conference Resolution 37/75. A Board of Directors (BOD) operates the Credit Union under the authority of the Director-General in accordance with the Rules and Regulations of FAO. The Credit Union has a basic mission of encouraging staff members to save from their salaries and provides them with a convenient access to credit for emergency needs. Membership of the Credit Union is open to FAO and WFP staff members.

Overall, the audit found that the Organizational benefits from the Credit Union outweigh any potential risks that FAO would bear from its existence.

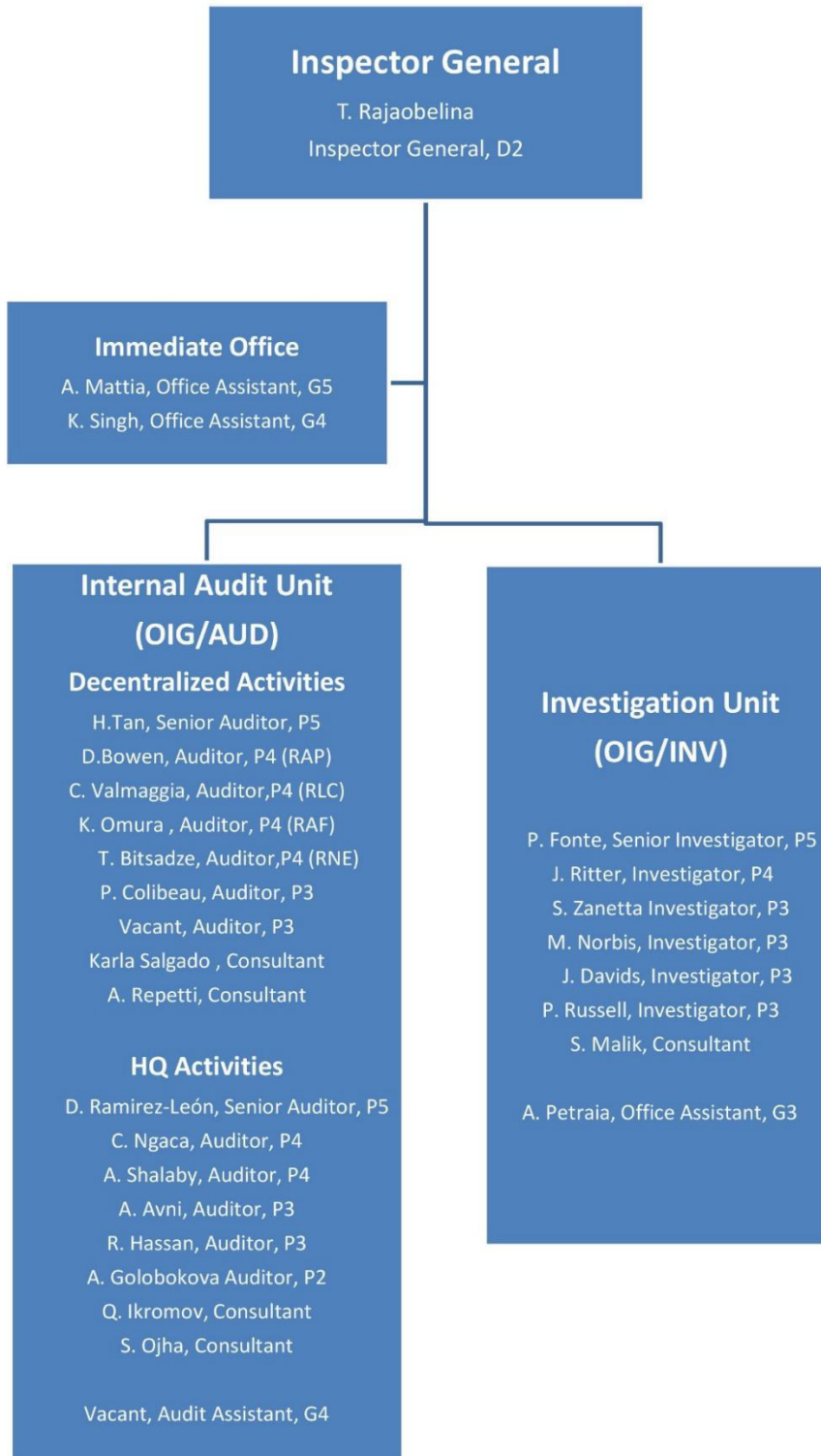
The Credit Union management provided the intended services to members reasonably well and has been achieving its mission. The members were appreciative of the savings and loan opportunities provided by the Credit Union and the quality of services provided by its management team.

However, there was a need for assessing the current staffing structure to ensure that it matches the Credit Union's workload. There were also opportunities for improvement in the strategic planning of the Credit Union's activities assessing the current investment arrangements in comparison with other alternatives available; and automating paper-based processes to increase assurance of the effectiveness of the preventive and detective internal control mechanisms.

The Manager of the Credit Union agreed to take or coordinate with relevant stakeholders the 11 actions contained in the audit report to address the issues identified.

Annex E

Office of the Inspector General Organization Chart as at January 2019



Annex F
OIG Staffing table as at January 2019

	Grade	Male	Female	Vacant	Total
Inspector General	D2	1			1
Auditors					13
Senior Auditor	P5	1	1		2
Regional Auditor	P4	2	2		4
Auditor	P4	1	1		2
Auditor	P3	2	1	1 ¹	4
Auditor	P2		1		1
Investigators					6
Senior Investigator	P5	1			1
Investigator	P4		1		1
Investigator	P3	2	2		4
		10	9	1	20
Secretarial and Administrative Support					4
Office Assistant	G5	1			1
Audit Assistant	G4			1	1
Office Assistant	G4	1			1
Office Assistant	G3	1			1
		13	9	2	24

¹ Recruitment completed before 31 December 2018

The following countries are represented:

Country	D and Professional Grade	General Service	Total
Argentina	1		1
Egypt	2		2
France	1		1
Georgia	1		1
India		1	1
Italy		2	2
Japan	1		1
Kenya	1		1
Madagascar	1		1
Malaysia	1		1
Russia	1		1
Spain	1		1
Switzerland	1		1
UK	1		1
Uruguay	1		1
USA	5		5
Vacant	1	1	2
Total	20	4	24

Annex G

OIG Key Performance Indicators

		Performance Indicator	Actual 31 Dec. 2018
Core OIG work			
1	Percentage of recommendations from IA external review implemented	100%	n/a
2	Percentage of recommendations from INV external review implemented	100%	n/a
3	Plan completion: percentage high-risk areas covered by audit	100%	80%
4	All investigations completed within timeline	100%	57%
5	Actual vs. planned assignments	100%	84%
6a	Days to complete audit assignments vs baseline (days charged)	120 days	64 days
6b	Days to complete audit assignments vs baseline (calendar days)	6 months	7.7 months
7	Client satisfaction rate (>90 percent satisfied)	>90%	85 %
8	All complaints addressed	100%	100%
9	All investigation reports followed up	100%	tbd
10	Percentage of recommendations accepted (>90 percent)	>90%	100%
11	Audit recommendations implemented within two years	100%	74%
12	Working papers completed in Teammate and i-sight before report submission	100%	97%
13	Compliance with OIG Charter (100 percent)	100%	100%
14	Number of audit reports per staff: above UN average	2.25	2.85
15	Risk assessment completed in Teammate completed before December annual retreat	n/a	n/a
16	Proportion of senior managers consulted as part of the planning process.	n/a	n/a
OIG management			
17	Actuals vs budget (100 percent)	100%	100%
18	Cost/number of staff of OIG compared to other organizations/FAO overall budget/outputs	tbd	

19	Number of vacancies	0%	8%
20	All PEMS completed in time	100%	100%
21	Gender and Security certification completed for all staff	100%	100%
22	User satisfaction from training (85 percent)	85%	tbd
23	Certification rate	100%	100%
24	Training days per member of OIG personnel (10/year)	10	7
25	Absenteeism rate (below FAO average): Uncertified sick leave	1.7	2.8
26	Absenteeism rate (below FAO average): Certified sick leave	7.7	4.8
27	Relative proportions of the OIG plan insourced and outsourced (baseline to define)	tbd	tbd
28	Audit Committee documents delivered at least 10 working days in advance	10	2 to 5
29	Finance Committee documents delivered at least 30 working days in advance	30	30
30	Items from OIG retreat all acted upon	100%	100%
31	Items from OIG staff meetings all acted upon	100%	80%
32	All Audit Committee action points addressed to OIG implemented	100%	100%

Annex H

LIST OF ACRONYMS USED

ADG-CS	Assistant Director-General, Corporate Services, Human Resources and Finance Department
AFAOR	Assistant FAOR
BCM	Business Continuity Management
CAPEX	Capital Expenditure
CEB	Chief Executive Board
CIO	Information Technology Division
CII	Conference of International Investigators
CO	Country Office
CPF	Country Programming Framework
CS	Corporate Services, Human Resources and Finance Department
CSDA	Procurement service
CSDI	Infrastructure and Facilities Management Service
CSDS	Security Service
DO	Decentralized Office
DPP	Data Protection and Privacy
EQA	External Quality Assessment
ERM	Enterprise Risk Management
ESN	Nutrition and Food Systems Division
ESS	Statistics Division
FAOR	FAO Representative
FAOPK	Fao Representation in Pakistan
FPMIS	Field Programme Management Information System
GEF	Global Environmental Facility
HOIA	Heads of Internal Audit in European based International Organizations
JIU	Joint Inspection Unit
KPI	Key Performance Indicator
LoA	Letter of Agreement
LTA	Long Term Agreement
LTO	Lead Technical Officer
M&E	Monitoring & Evaluation
MDF	Multi-Disciplinary Fund
MS	Manual Section
NSHR	Non-Staff Human Resources
OED	Office of Evaluation
OHR	Office of Human Resources
OIG	Office of the Inspector General
PEMS	Performance Evaluation Management System
PIR	Proactive Integrity Review
PSEA	Prevention of Sexual Exploitation and Abuse
PSSC	Professional Staff Selection Committee
PWB	Programme of Work and Budget
QCPR	Quadrennial Comprehensive Policy Review
RBAP	Risk-Based Audit Plan
RO	Regional Office
RM	Resource Mobilization
SDG	Sustainable Development Goal
SEA	Sexual Exploitation and Abuse
SIWG	Syrian Investigation Working Group

SPMT	Strategic Programme Management Team
SRM	Security Risk Management
SWAP	System-wide Action Plan
SWS	Statistical Working System Project
UN	United Nations
UNCT	UN Country Team
UNDAF	United Nations Development Assistance Framework
UN-RIAS	UN Representatives of Internal Audit Services
UN-RIS	UN Representatives of Investigation Services UN Agencies
USAID	United States Agency for International Development
UNSMS	UN Security Management System