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WORKING PAPER

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Subject No. 13: Work programmes of Council and its subsidiary bodies

ANNUAL REPORT OF THE EVALUATION AND AUDIT ADVISORY COMMITTEE (EAAC)

(Presented by the Chairman of the EAAC)

EXECUTIVE SUMMARY

In accordance with the Terms of Reference of the Evaluation and Audit Advisory Committee (EAAC), its Chair shall submit, during the last session of the calendar year, an annual report on the work of the EAAC, its recommendations to Council and the work plan for the following year.

The annual report of the EAAC for the period 2021-22 is attached in Appendix A. Appendix B contains the Secretariat's proposed action plan to implement the recommendations of the EAAC, Appendices C and D contain the follow-up to previous reports. The Committee continues to look forward to evolving the way in which it will work with the Committee on Governance, to ensure that EAAC's outputs remain relevant to Council. The Report notes the risk of a complete change in the composition of the new EAAC in Summer 2023, due to the lack of staggered appointment. EAAC believes attention needs to be given to this issue and the importance of the full participation and contribution of the Members. The Committee reviewed its Terms of Reference, making recommendation for changes, and highlighted the important need to consider ICAO's capacity to support the EAACs operational work.

The observations made by EAAC reflect the independent and objective views of the members, based upon reports and discussions held during its meetings. Key findings from the EAAC annual report are:

- **Information and Communication Technology, and Information Security** have remained a significant part of the EAAC work plans. While noting that actions are in progress and that first milestones achieved, some important ICT IT security risks remain to the control environment, and EAAC are unable to provide assurance over these areas of activity. EAAC again stressed the importance of addressing key internal control weaknesses as a matter of priority. However, EAAC has noted positive developments with the mobilization of the ICAO ICT team, the reinforcement of ICT leadership and the engagement of partners to address and deliver both a coherent ICT Strategy and a Security Roadmap to develop secure modern systems, which will be reliant on the availability of CAD 31.8 million for regular ICT, CAD 9.7 million for the ICT Strategy (Task Order 3) and CAD 5.2 million for InfoSec (Task Order 4) over the course of the Triennium. The proposed Strategy is a positive development, linking ICT plans with the delivery of key organizational priorities. EAAC provided its observation on the ICT Strategy in May 2022 to the Committee on Governance.
- EAAC's observations on the Strategy, highlight the need to better articulate cost-benefits and the efficiency gains arising from the Strategy, enabling a clearer assessment of value for money. EAAC highlighted risks around the availability of internal capacity, skills, and the availability of

the necessary financial resources. Sufficient capacity to intelligently manage the delivery and quality of the new contributions, as well as their integration in recurring operations, will be essential to ensure the delivery to budget and timetable; and to ensure the Strategy becomes embedded within ICAO. Successful delivery of IT improvements are part of a wider business transformation programme, and will require changes to behaviours and practices, underpinned by an enhanced and enforced compliance culture.

- **Human Resources.** EAAC supports the objectives of the proposed HR Strategy and its focus on the development of staff. In reviewing the elements of the new HR Strategy, EAAC has emphasised the need for clear prioritisation and the provision of adequate resources to deliver essential capabilities to achieve transformational change. EAAC considered at the time of its meeting that these plans and prioritisations were unclear. EAAC has also highlighted the importance of strengthened commitment to HR compliance, and the importance of senior management's commitment to securing cultural change. In highlighting the need for change, expectations are raised and therefore the effective delivery of change is critical to retain the engagement of staff. EAAC was pleased to note the emphasis of training and development for staff, and for management grades.

- EAAC has noted the considerable reliance on contingent labour and temporary staffing, many contracts are consistently renewed. In considering the strategy it will be important to identify the needs of a transformed ICAO, the new and different skills which will be required and the most efficient and effective means to acquire them. As part of this thinking, consideration should be given to alternative delivery mechanisms such as outsourcing and shared services, especially where required skills are expensive or difficult to sustain. It is important the Strategy delivers an agile workforce that meets the business needs of the transformed ICAO.

- **Financial management and controls** were considered by EAAC. It took note of various finance initiatives which are underway and noted a more positive trend in the payment of Member State assessed contributions. However, EAAC was concerned with the potential optimism bias in projections of income on extra budgetary funds, noting significant trends indicating reduced revenues and a resulting depletion of reserves. It is concerned that many new initiatives are predicated on the availability of additional resources and revenues, putting some key operational assumptions at risk. Consequently, there are risks to the ability to deliver key elements of the transformation programme. In EAAC's view this further supports the need for prioritization of the planned transformation programmes, and a focus on those which will deliver the best cost-benefit outcomes. EAAC has continued to highlight the importance of centralized budgetary disciplines within finance to enhance the objectivity of the forecast data and minimize the risk of optimism bias, as noted in its 2021 Report.
- EAAC welcomed the greater emphasis on using business systems to provide better information to support decision making and supported the ambition to adapt systems to the needs of a transformed ICAO. EAAC has again noted the importance of cost recovery on non-budgetary activities, it noted some initiatives taken to enhance cost recovery, but noted this did not extend to project costing, which it considers important to ICAO. Understanding these costs is an integral part of cost-effective decision making when seeking extra-budgetary revenues. EAAC has continued to note the significant liabilities in respect of After-Service Health Insurance, although it notes that while market changes in 2022 are likely to continue the trend in the reduction of these costs due to changes in discount rates, underlying liability risks will remain.
- **Internal control, risk management, ethics and investigation** issues were considered during EAAC's meetings. Other than ICT security risks, no significant weaknesses were identified or brought to our attention. EAAC noted the significant improvements in the control environment around procurement and considers that the previously identified risks have been mitigated.

It further noted the improvements in the transparency of internal control issues as reflected in the Secretary-General's 2021 Statement on Internal Control. EAAC felt improvements had been made on the process for compilation and stressed the importance of early engagement on the preparation of the 2022 Statement, including the processes to gather evidence and assurance. EAAC welcomed the move to develop improved compliance checks and the identification of the nature of operating controls.

- Enterprise Risk Management (ERM) has continued to develop and embed within ICAO. While risk management continues to be developed, EAAC noted the continued reliance on consultant support for the processes and the absence of real in-house capability. It further noted what it considered to be inconsistencies in the evaluation and scoring of risks, identifying continued need for review and challenge centrally and for improved feedback and training. Risk management now provides a framework for senior management to review risks, but we believe further benefit can accrue from a more regular considerations of risk by senior management. This will become more important as the organization faces the risk of significant change programmes and the need for prioritisation and delivery.

- Ethics and investigations remain areas of focus, informed by the reports of the Ethics Officer and UN Office of Internal Oversight Services. EAAC welcomed the 100 per cent compliance with financial disclosure, noting that compliance with mandatory training requirements were slow. EAAC again heard the pressures faced by the Ethics office and re-emphasised the importance of ensuring systems and processes were reviewed to increase automation and to ensure priority was given to more material ethics risks, informed by the risks emerging from investigations and the Office of Internal Oversight (OIO) reports. EAAC welcomed the presentations in respect of the investigation function and considered that arrangements were working well with appropriate actions being taken.

- **New initiatives** to transform ICAO are underway and EAAC was briefed on the overall transformation plans and new developments in areas such as results-based management and the consideration of a new accountability framework. EAAC was positive about the agenda for transformational change at ICAO, delivering the transformation will better position ICAO to deliver efficiently and effectively. Collectively, the various projects will support greater workforce agility, improved business enabling systems, more informed and evidenced based decision making and a clarity of strategy, linked to resources. EAAC identified risks that the multitude of change projects could create significant management challenges. Each area of transformation has dependencies on staff capability and the availability of financial resources. EAAC has stressed the need for clear timelines and milestones, with careful prioritization, with more specific plans for deliverables, overseen by a dedicated Programme Management capability. This would provide greater oversight on costs and risks, providing opportunities to re-prioritise and focus resources and capacity. EAAC looks forward to reviewing plans for programme and project oversight and for visibility of the project milestones.

- EAAC noted the development of Results Based Management (RBM) in the Triennium Budget. This is a welcome development, establishing a clear link between resources and the delivery of objectives. It modernizes the approach to resource allocation and provides a clear basis for decision making. EAAC noted some work plans were heavily dependent upon self-generated funds, which may give rise to risks to the delivery of planned outcomes. While it is too early to gauge the success of the initiative, RBM better focuses accountability for the use of resources within ICAO and is thus a key part of transformational change.

- During its meetings EAAC were engaged with the proposals to develop a new accountability framework. Such frameworks are important in ensuring good governance, and regular review of these frameworks is an important part of the governance process. ICAO's unique structure within the UN system underlines the importance of having a clear articulation of the roles and responsibilities of the Assembly, President of the Council, Council and Secretariat. Work on this

topic has begun within ICAO and has been presented to EAAC for consideration. Reviewing the framework will provide an important opportunity to reflect modern management practices and governance, to deliver greater efficiency in the processes to support the Council's oversight, and reduce the volume and improve the method of the Secretariat's reporting. Current reporting results in a significant opportunity of cost of time management, which with current cost constraints has a significant impact on ICAO. Changes to the framework would further build on wider transformational activities, and the potential for reliance to be placed on the delivery of improved real-time assurance and information, facilitating a suite of 'business as usual' reporting to Council. EAAC has provided inputs to the deliberations in this area and has offered its support to ICAO in reviewing planned changes, offering its experience and insight on good practice.

- **External and Internal Oversight** plans and outputs were subject to regular review during the year. EAAC noted the achievements of both auditors in delivering programs despite the challenges of remote working and welcomed the quality of the outputs. EAAC welcomed the unqualified audit opinion of the Swiss Federal Audit Office (SFAO) and noted the improvements highlighted in the quality of the financial statements, upon which they gave an unqualified audit opinion. EAAC was of the view that the quality of financial reporting by ICAO has improved, reflecting the positive engagement on areas of improvement highlighted in the SFAO's previous report. EAAC considered that the SFAO were providing good quality audit, in accordance with International Standards on Auditing. It noted that the significant weaknesses identified in respect of ICT, welcoming the auditors view that these issues were being taken forward within the new ICT Strategy. It also noted the SFAO's concerns in respect of future cashflow and budget pressures, which creates risk to ICAO. EAAC supports the recommendations made by the external auditor.
- EAAC considered that OIO has continued to provide relevant and quality outputs and its work has met the requirements of internal audit standards and has addressed organizational risks. EAAC has noted that time taken by management to clear reports remains high, reducing the value of the benefits accruing from OIO's work. It has further noted that recommendations are often not implemented on a timely basis, and that changes in implementation plans are not agreed with OIO on a regular basis or made visible to EAAC. In discussions with the Chief of OIO, EAAC intends to take a more proactive approach to ensuring management engage in the clearance of recommendations and to escalate to the Secretary General and Council where it considers actions are not being taken forward. The EAAC noted reasons given for this have been the impact of resources, capacity, and the pandemic. In this respect EAAC has sought to ask the Chief of OIO to ensure that management engage to review outstanding recommendations, ensuring that planned actions reflect the reality of current circumstances and to provide a more effective basis for monitoring progress going forwards.

In its deliberations the EAAC also made two specific observations for Council itself:

- Following consideration by the Council, EAAC would encourage ICAO to publish the EAAC Annual Report on its website each year to enhance oversight and transparency to the wider public; and
- Consider the importance of a staggered period of tenure for the next process for appointment of EAAC Members to eliminate future risks of lack of continuity.

Action: The Council is invited to:

a) note the EAAC annual report in Appendix A;
b) consider the Secretariat's proposed responses to the EAAC recommendations in Appendix B, and the status of EAAC's prior recommendations in Appendices C and D, and provide any advice and direction to the Secretariat as necessary;
c) note the proposed work plan of EAAC contained in Appendix A, and provide any observations on priority areas which Council would wish them to consider; and
d) agree with the revised Terms of Reference as contained in Appendix E.

Strategic Objectives:	This working paper relates to Supporting Strategies and the Transformational Objective
Financial implications:	Financial implications for implementation of recommendations as per the Management Action Plan in Appendix B.
References:	C-WP/14946

APPENDIX A

ANNUAL REPORT OF THE EVALUATION AND AUDIT ADVISORY COMMITTEE (EAAC) 2021-2022

1. INTRODUCTION

1.1 This annual report of the Evaluation and Audit Advisory Committee (EAAC) covers the period 2021-2022. It reports the activity undertaken by the EAAC, in line with the mandate set for it by Council in its terms of reference. The Report highlights those issues and observations which Members consider relevant to Council from its independent and objective perspective.

1.2 The members of the EAAC were only able to meet in person once during this last annual cycle because of COVID-19 restrictions. EAAC had various ad hoc meetings by zoom conference calls on two other occasions and dealt with various other issues through correspondence. The restrictions and the significant time zone differences of Members have meant the meetings have been logistically challenging. The Committee has met when there have been issues relevant for our consideration or when matters have been referred to us. The Committee has adopted this approach, which reflects where it can add real value and benefit to ICAO. In the intervening period, the members of the EAAC continued to exchange information and comment on various issues via e-mail and to respond to specific ad hoc requests.

2. EAAC MEMBERSHIP AND ATTENDANCE

2.1 The 2021-2022 cycle of meetings were attended by Richard Brisebois, Gordon Nuurbaare and Damian Brewitt (second terms) and Colette Drinan, Xu Zhenghua, Vimalendra Patwardhan (first terms). The Committee has remained one Member short of its complement following the resignation of Martin Jacquet, after the first meeting of the current EAAC composition in 2020. Damian Brewitt was re-elected as the EAAC Chair. The members of the EAAC were asked to declare any conflicts of interest at each meeting, no conflicts were declared. Members have acted with full professional objectivity. The members have performed their duties in accordance with EAAC's mandate, with objectivity and independence.

2.2 The EAAC is concerned that, despite previous reports flagging the risk of succession on the Committee, there has been no action to stagger appointment processes. Three Members will step down next July and cannot be renewed. Remaining members have indicated they are considering their position in respect of seeking a renewal. Consequently, as EAAC had previously flagged this may result in a total loss of continuity and accumulated knowledge at a significant time of change for ICAO, weakening the oversight support it provides to Council. It is important that that consideration is given to a staggered appointment process in the next appointment of Members. Effective operation of the EAAC relies on the full participation of all members to attend its sessions, and therefore future appointment stress the importance of this together with an ability to fully engage with the issues and material which come before the Committee.

2.3 EAAC reiterates that: *ICAO should specifically consider the risks of the new EAAC having little or no continuity beyond July 2023 and consider the importance of staggered terms to ensure EAAC continuity. (Recommendation 1 from EAAC Report 2021)*

Table 1: EAAC Attendance by Members 21-22 Cycle

EAAC members	July 2022 (Hybrid)	April 2022 (Remote)	August 2021 (Remote)
Damian Brewitt, United Kingdom, Chair	Y	Y	Y
Richard Brisebois, Canada	Y	Y	Y
Gordon Kuukang Nuurbaare, Ghana	Y	Y	Y
Colette Drinan, Ireland	Y	Y	Y
Xu Zeng Hua, China	Y	N	Y
Vimalendra Patwardhan, India	Y	Y	Y
Vacant position	N/A	N/A	N/A

Other ad hoc virtual meetings and agreement via correspondence took place during the period to deal with matters remitted to EAAC.

2.4 Hybrid meeting arrangements have enabled the EAAC to discharge its mandate once again. Meeting in person for the first time in July 2022, EAAC Members recognised the value of physical meetings; they provide an opportunity for better engagement and understanding of issues. Over the coming year EAAC intends to meet in person on two occasions, and for a further virtual session, and encourages ICAO Staff to participate in person, where timings allow. Some Members have been significantly impacted by travel restrictions and there are difficulties in scheduling meetings covering the range of world time zones and Member's availabilities.

2.5 Meetings of EAAC have continued to be supported by Strategic Planning, Coordination and Partnerships (SPCP) office. EAAC Members are aware of the capacity issues in SPCP which create significant pressures on its staff in servicing the Committee. This fact was brought to attention in our 2021 EAAC Annual Report, since which further responsibilities have been given to SPCP which have exacerbated these pressures. Members are also concerned that a significant number of areas (ERM, RBM, support for the Accountability Framework and the Statement of Internal Control (SIC)) are delivered by the SPCP Office, creating the potential risk of a conflict of interest. As such, EAAC would wish to explore the opportunities for ensuring that SPCP has sufficient capacity to service its needs, including minutes and wider support, and how conflicts of interest might be managed. Despite this, the EAAC has been very appreciative of the support provided by Mr. Erwin Lassooij alongside his other significant operational commitments.

2.6 EAAC has again noted that issues have not been brought to its attention for discussion or consideration on a timely basis, and instead EAAC has sought to identify areas where it could add greater value. In our discussions with the Secretary General and with the Chair of the Committee on Governance (CoG) we have again reiterated our willingness to engage in early plans, so that the EAAC can provide its input in advance of CoG considerations, thereby ensuring it has the advice of EAAC to guide its deliberations. EAAC therefore asks that any requests are submitted to it in due time to enable the items to be added to our agenda. In the meantime, EAAC will continue to use its best efforts to select topics and themes where it considers it can add value within the terms of its mandate. Unless areas are submitted for our active attention, EAAC Members are concerned that it will be less able to maximise the value it can add.

2.7 EAAC undertook a review of its terms of reference (ToRs) set by the Council, to provide advice on any changes it felt were appropriate considering the EAAC Member's review of its effectiveness and the current ToRs. It undertook an effectiveness review as part of its work in 2021. The delay in the

review of the ToRs last year arose from the changes to the reporting arrangements through the CoG, which took place too late to be reflected in any changes in our ToRs. EAAC has requested several changes following its review this year, which are provided to Council as marked changes (refer to Appendix E). The ToRs again highlight that it is considered good practice for the EAAC Annual Report to be publicly available on the ICAO website. Publication of the oversight annual report is common practice, and we would encourage the Council to publish our report to enhance transparency.

2.8 The EAAC confirmed the following key elements from its TORs:

- Membership, Independence and Objectivity – No issues relating to independence or objectivity were identified.

- Skills – EAAC considered that the current composition was sufficient for it to collectively address all areas of its mandate.

- Role and Scope – EAAC has made recommendations for amendment to its TOR's to better align this to wider UN practice and to recognise the relationship with the CoG. It considers the role and scope appropriate but has recommended to management that matters relevant to its mandate are formally submitted to the EAAC for advice and information. An example of where this has failed is the change to Financial Regulations, the subject and content of the changes were not communicated to EAAC and consequently it was unable to provide the necessary views to Council.

- Communication and reporting – We have identified the need to ensure sufficient support for the EAAC, including support for minuting and collating EAAC findings, improvements to papers and for proactivity in submitting topics to EAAC to enable it to add value prior to Council decisions and to ensure earlier engagement in new initiatives and projects relevant to the EAAC mandate.

2.9 The EAAC continues to encourage the Committee on Governance and the Council to engage with EAAC to communicate areas of concern. The EAAC Chair has engaged with the CoG Chair and President of the Council during the period and communicated EAAC's desire to ensure it addresses the issues of greatest interest and risk to the Council. We consider this particularly important given the significant changes which are either currently under implementation or planned over the coming years.

2.10 The Chairman would like to thank his EAAC members for their valuable contributions and to ICAO Officers for supporting the EAAC in its discussions. EAAC would like to thank the Council Members for their attention and for the on-going engagement of the President and Chair of the Committee on Governance.

3. EAAC'S WORK PROGRAMME DURING 2021-2022

3.1 Despite the need to continue meeting in a hybrid environment, EAAC has been active in reviewing key areas of risk which it considered important in the context of its responsibilities and duties. It also reviewed the oversight arrangements in place within ICAO. Our report summarises the conclusions and observations arising from our work. EAAC has been mindful of the significant change agenda and of the wealth of EAAC, OIO, External Audit and the Joint Inspection Unit (JIU) recommendations which management are implementing. It has therefore been mindful to limit raising specific recommendations this year for Management to focus on those issues already identified.

3.2 The key areas of EAAC activity reflected both our mandate and the risks we considered appropriate for us to identify and communicate to Council:

- Information Communication Technology (ICT) and Information Security (InfoSec)
- Human Resources Strategy
- Financial Management
- Integrity of Internal Controls
  - Procurement
  - Ethics and investigations
  - Statement in internal control
  - Enterprise Risk Management.
- New developments and initiatives
  - ICAO transformation
  - Results Based Management
  - Development of an Accountability Framework

3.3 EAAC annually considers the planned activities and results of both the Office of Internal Oversight (OIO) and the results of the work of the External Auditors. The EAAC reviews management's responses and the implementation of recommendations made by the assurance providers, and how management operates and assesses the framework of controls and risk management, advising the Council as necessary.

3.4 EAAC is dependent on the quality and nature of the assurances and information provided to it in making its observations. It does not duplicate or replace any existing assurance function. In our reporting we are clear about our responsibilities for reporting to Council objectively, but in discharging our responsibilities we see no conflict in providing observations for improvement to the Secretary General and ICAO management during our deliberations. The EAAC's observations and recommendations carry no executive authority, and it has no responsibilities for managing or performing any of the functions it reviews. Appendix B contains the recommendations arising from our 2021-22 Work Programme. Appendix C contains an update on the status of recommendations from 2020-21 and Appendix D our outstanding recommendations from 2019-20.

4. MAIN TOPICS IN THE PERIOD 2021-2022

4.1 Information Communication Technology (ICT) and Information Security (InfoSec)

4.1.1 During 2021-22 EAAC has tracked the development of the ICT Strategy, and of the implementation of the Information Security Roadmap. EAAC has noted that significant risks continue to be carried in these areas and that progress has been slow. The delivery of effective and efficient and secure ICT will be a critical business enabler for ICAO as it seeks to transform and deliver efficiencies. Current arrangements are not fit for purpose and significant investment and change is planned through the implementation of the new ICT Strategy and the engagement of the UN International Computing Centre (UNICC) as its partner.

4.1.2 EAAC has had various presentations and reports provided to inform it of progress, and management confirmed that partners have now been formally engaged to support the delivery of the key elements of ICT transformation and the Information Security Roadmap. Management informed EAAC that it considered the departure of key IT staff had impacted on progress in critical areas including

implementation of the information Security roadmap project. However, ICAO has outsourced the infrastructure management of its IT systems to UNICC to address this issue. At this stage EAAC is not able to provide assurance on the adequacy of the ICT arrangements until these have been fully assessed by assurance providers. There are clearly areas of significant risk that remain to be addressed, but there is greater evidence that progress is being made in 2022. ICAO management have confirmed to EAAC that they consider the plans for ICT have been sufficiently resourced and funded at the level of CAD 31.8 million for regular ICT; and CAD 9.7 million for the ICT Strategy (Task Order 3) and CAD 5.2 million for InfoSec (Task Order 4) over the course of the Triennium for the two 'signature projects' under the digital action plan, namely ERP and SARPs and Document management System.

4.1.3 EAAC was specifically asked to review the draft ICT Strategy and provided its observations to Council and management in May 2022. We confirmed in July 2022 that the draft had not materially changed from that previously shared with EAAC, and had little more that it wished to bring to the Council's attention. The Strategy is detailed, and it covers both strategy and implementation. It will be important to ensure that strategic decisions and the governance and project management are separated, to ensure appropriate and effective monitoring of delivery. The Strategy envisages a range of key deliverables to achieve delivery of the ICT Strategy by developing delivering the following outputs:

- ICT Governance Structure
- Target Operating Model
- Procurement and Outsourcing
- Digital Transformation Action Plan
- Consolidated ICT, InfoSec and Digital Transformation Budget Analysis

4.1.4 The Strategy encompasses eight 'Signature Projects' to deliver ICT transformation, with the intention of supporting the delivery of the wider organisational objectives of ICAO. If ICAO delivers the Strategy, it will reflect a significant and much needed improvement in the IT environment and mitigate many of the significant risks which ICAO remains currently exposed to. It will address the weaknesses which have arisen from under investment in the development and evolution of an efficient IT enabled organisation. In respect of Information Security, the CISO confirmed that the implementation of the Information Security Roadmap, when fully implemented, would enable ICAO to seek ISO 27001:2013 Information Security Management accreditation.

4.1.5 EAAC made several observations which it shared with the CoG in May 2022 and again highlighted following its July 2022 meeting, which it considers relevant to Council's consideration of the Strategy:

- The strategy would benefit from a clearer cost-benefit analysis, it is not positioned in the context of the expected return and the improvement which the Strategy envisages will deliver to the Organisation in terms of efficiency gains. Consequently, it will make it harder to assess whether value for money has been achieved. Some measurable target gains would help support the monitoring and success of the strategy. In EAAC's experience of IT implementation within the UN, the articulation of benefits is often unclear which reduces accountability.

- As EAAC's has previously noted, it remains concerned around the skills, capacity, and resources to implement what is needed, and we feel we are yet to see a clear and detailed plan on how each of these issues will be mitigated, monitored, and assured. Management shared its plans for overall project governance. The effectiveness of these governance arrangements and the in-house capacity to assess the performance of delivery partners will be critical to success and cost control.

- EAAC has limited evidence to support the budget and resourcing assumptions, and how these will be funded, given the dependency on self-generated funds. The availability of resources will be critical to the delivery of the Strategy and delayed implementation is likely to give rise to additional inflation driven costs and a delay in receiving the efficiencies which can be leveraged from ICT improvement.

- It will be important to have a clear champion for the delivery of the Strategy. In heavily using external partners to inform and deliver the strategy, it is important to ensure that ICAO management continues to own the principles and embed the strategy within the organisation. It will therefore need to ensure it retains sufficient internal capacity to ensure it can manage the contract and to gain appropriate knowledge transfer. EAAC noted the appointment of a new Deputy Director of ICT who begins in post in August 2022.

- The link between the strategy and organisational objectives will need to be regularly reviewed to ensure the strategy continues to deliver the business needs as ICAO undertakes its transformation programme. However, the linkage of ICT to wider business objectives is a welcome and important development to demonstrate the integration of ICT with the wider transformation of ICAO.

4.1.6 EAAC reiterated that it is important that key ICT internal control weaknesses noted in previous, internal and external audit reports, as well as independent reviews be corrected before embarking on the ICT transformation. These weaknesses include access control management, patch management, data management (classification, transmission and storage), and ICT continuity planning, management assured EAAC that these areas remain in progress as part of the Roadmap.

4.1.7 Ultimately, delivering the necessary IT reform needs investment in cultural change as well as infrastructure, to change behaviours and practices. This needs to be underpinned by a clearer compliance culture, something which our previous EAAC reports have reflected. ICT changes should dovetail with wider opportunities to change organisational culture and practices. In our discussion with the Secretary General in July 2022, EAAC formed a view that management were seeking space and time to deliver against its plans. EAAC is not making any specific recommendations to add to those already included in the various assurance reports and observations, including those of OIO and the external auditor. We understand that the External Auditor has provided comments to Council which suggest the Strategy covers the significant points identified in their review of ICT points. However, EAAC draws attention to the risks it has identified to support Council's consideration of the Strategy.

4.2 Human Resources

4.2.1 In 2021 EAAC noted that significant improvements were needed in Human Resources Management to support the needs of ICAO and to ensure efficient and effective use of staff resources. EAAC is pleased to note that plans are now in place to develop an HR Strategy over the final quarter of 2022. The Deputy Director of HR presented the outline of the HR Strategy, which will move HR from a transactional function to one which will be a strategic enabler, supporting the transformational change.

EAAC provided observations and feedback to the DD/HR to inform the development of the Strategy and expressed its desire to have visibility of the finalised Strategy to enable EAAC to provide its observations to Council.

4.2.2 EAAC expressed its views that effective HR changes required a full commitment to compliance at all levels (in areas such as documentation of appraisal and development discussions and completion of mandatory training), especially by Senior Management, to demonstrate the organisational commitment to cultural change. It also highlighted the importance of the Strategy developing an agile workforce, which would provide staff with core skills to enable them to be used flexibly and to adapt to changes in environment or tasks. A more agile workforce will support better workforce planning to ensure continuity and to work more efficiently. To achieve this and many of the other aspects of the Strategy it will be important for ICAO to translate ambition into practice, and it will be essential to develop a clear timeline supported by adequate resources. EAAC noted the importance of commitments to staff training and development, which are important in delivering the necessary changes.

4.2.3 EAAC has continued to note that ICAO operates with a very high level of contractor support, often covering critical business areas. Although it did not have the full data, EAAC has noted that many contractors have been in post for a significant time, carrying risks of acquired rights, and resulting in significant dependencies on them. It is important that the HR Strategy fully considers the optimal staff mix to ensure efficient and effective knowledge transfer in key positions, to ensure that an over dependency on contract staff is avoided. It is also important that in reviewing the optimal staff mix, that consideration is given to the delivery models for the provision of support services are considered, to explore the potential to outsource or share services as a means of reducing dependence on high levels of temporary contract staff who are regularly retained for lengthy periods of time.

4.2.4 In respect of risk, EAAC cautioned on the ambitious timeline for development of the Strategy and that many of the planned changes would represent a significant cultural shift for management and staff in how they engage with ICT. It was also concerned that the strategy would need sufficient resources to deliver the plan and EAAC had little visibility of the funding that would facilitate delivery of the Strategy. Given the scarcity of resources it is critical for the HR Strategy to have clear prioritisation and success measures should be included to demonstrate the benefits of planned changes to support the delivery of cultural change. EAAC draws Council's attention to the risks it has identified to support its consideration of the Strategy.

4.3 Financial Management

4.3.1 EAAC reviewed the financial risks facing ICAO and discussed various finance initiatives currently underway. While EAAC noted some improvement in the timely payment of assessed contributions, it noted that significant pressures remained over the extra-budgetary funds. EAAC is concerned that the trends in revenues from voluntary funds continue to present risks to the overall funding assumptions, which may result in further depletion of reserve balances. EAAC is concerned that there is an optimism bias in the income projections and that with global economic uncertainty and inflationary pressures these risks will need careful oversight. EAAC continued to note that several 'core' activities within ICAO assume resources from extra-budgetary activity, primarily the Ancillary Revenue Generation Fund (ARGF) and Administrative and Operational Services Cost (AOSC). EAAC continues to note that Finance has limited visibility over the assumptions in forecasts and projections, as they are situated within TCB. In EAAC's view it is important that budgetary control and visibility over all funds should sit within the Finance function. We understand some discussions have taken place between TCB and FIN, and a future meeting will explore this issue further. EAAC considers that the risk associated with reduced extra-budgetary funds, in particular AOSC and ARGF will become significant as reserves reduce. EAAC

reiterates Recommendation 5 from its 2021 Annual Report in respect of risks associated with extra budgetary funds and the utilisation of reserves.

4.3.2 EAAC noted that significant financial pressures continue to accumulate from the ongoing costs associated with After Service Health Insurance (ASHI), in common with many other UN entities. Each year increasing amounts of resource will be required to fund these obligations. It is important for ICAO to explore with the wider UN system, the opportunities for reducing the costs of these arrangements and to continue to consider the ongoing affordability of the schemes. On 31 December 2021 ASHI liability reached CAD 160.7 million. While this represented a significant reduction of $28.7m on the prior year balance, the reduction was due primarily to the changes in the discount rate, a trend which may continue given market changes in 2022. While the valuations may fluctuate, the overall exposure to liabilities will continue to increase.

4.3.3 EAAC noted that several financial initiatives have progressed over the last year, and management has not sighted the EAAC on these developments or sought its input. EAAC noted that it was not consulted on the changes to financial regulations. EAAC relies upon management to ensure it has visibility of changes of this nature, and for management to draw upon this expertise in respect of finance improvement projects. In its July meeting the EAAC was given some visibility of the initiatives, but it was consulted too late for it to provide meaningful input. It has noted however that the review of cost recovery did not include project or product costing. EAAC sees assurance over cost recovery in these areas as important to ensure they generate funds and recover their full costs. EAAC continues to emphasise the importance of a clear understanding of the costs associated with voluntary funded projects and self-generated income, to ensure they provide an appropriate contribution to cover both direct and indirect costs.

4.3.4 EAAC welcomed the commitment of the new Chief of Finance to enhance the visibility of EAAC over finance improvement projects and was supportive of the need to adapt financial processes and practices to align with the transformational changes within ICAO, to ensure that systems better support decision making and can provide efficient platforms from which to report.

4.4 Integrity of Internal Controls

4.4.1 During the year, EAAC reviewed the outputs from OIO and the External Auditor as part of its process for reviewing internal control. It also considered the outcome of sessions held with key management staff and a review of processes such as risk management and the compilation of the Statement on Internal Control. During the discussion EAAC noted several issues and trends which it considers important to draw to the Council's attention. Other than the continued significant weaknesses in ICT and risks to overall financial health, EAAC did not identify any specific or significant control weaknesses to bring to the Council's attention.

4.4.2 EAAC received a presentation from the Procurement Section, having monitored the development of planned changes over several meetings. The presentation outlined the embedding of the new arrangements which included implementation of the new Procurement Manual, and transitioning of the functions to ADB in December 2021. EAAC was satisfied that the new arrangements have delivered against the recommendations made by previous external audits and that the processes are now effective and better align with the wider UN best practices. EAAC considers that identified procurement risks have now been mitigated and align with UN system procurement practices.

4.5 Statement on Internal Control

4.5.1 EAAC regards the Statement on Internal Control (SIC) as a key accountability document, providing Member States with visibility of how the Secretary General has ensured that an effective internal control framework has operated. It draws together the key sources of assurance to provide a transparent analysis of the controls, highlighting any identified weaknesses and the scope and plans for improvement. It focuses on risk processes, highlighting the significant risks to internal control.

4.5.2 EAAC was consulted on the content of the 2021 Statement on Internal Control prior to its finalisation and noted that it had improved on the prior year with an improvement in the tone and balance of the content, more transparently reflecting the risks within ICAO, the overall internal control framework, and the findings of OIO and the external auditors. In the future, EAAC would wish to be consulted earlier on the preparations for the compilation of the Statement on Internal Control and the processes which will underpin the management assurances on the operation of controls.

4.5.3 EAAC noted the positive steps being taken to identify and categorise the internal controls operating within ICAO, and their classification between Directive, Preventative and Corrective Controls. EAAC will further consider these developments and continues to emphasise the importance of compliance checks as part of management's assessment of the operation of its intended controls. In this respect EAAC encourages management to develop a suit of compliance checks around the identified key controls in the most significant and high-risk areas. EAAC will continue to explore this in future meetings.

4.5.4 **Recommendation 1:** EAAC recommends that management develop a suite of compliance reports and validations building on the new classification of significant control risks, to provide a framework to support management's assessment of the quality of internal control.

4.6 Risk Management

4.6.1 EAAC reviewed again the arrangements for the operation of Enterprise Risk Management within ICAO. ERM processes continue to be embedded within ICAO, and arrangements continue to evolve. EAAC remains concerned that ICAO remains dependent upon temporary contractors to support and manage the risk management process and does not see a clear process to ensure knowledge transfer to sustain the ERM developments. Furthermore, EAAC believes that the wider understanding of risk management amongst users is limited and consequently risks are being evaluated differently. EAAC evidenced this through a review of several risks during the year where it questioned the scoring and quality of risk mitigations.

4.6.2 EAAC reviewed management's assessment of the implementation of the recommendations made by JIU in respect of ERM (Appendix B C-WP/15292) and considered that the implementation dates were optimistic. EAAC remains of the view that ERM is not being fully utilised as part of the decision-making process by line management. EAAC challenged several risks within the Register and considered that this indicated that risks were not being regularly reviewed. Despite these observations for improvement, ICAO remains on a positive journey towards improved risk management, but with a complex process it remains dependent upon contracted resources to maintain and develop the risk management process. Effective risk management will be critical to ICAO as it embarks on its ambitious change programme within the context of a challenging financial environment, it remains important that risks to the achievement of these objectives and the effectiveness of mitigations are regularly evaluated and challenged.

4.7 Ethics and investigation matters

4.7.1 Based on its Terms of Reference, the EAAC has a standing agenda item to meet with the ICAO Ethics Officer. EAAC reviewed the outputs of the Ethics office through the Annual Report. EAAC noted the activities undertaken during the period and highlighted the importance of ethics training. It was observed that initial take up of mandatory training by senior management was limited until further intervention by the Secretary General. It is important that senior management are proactive in promoting mandatory training and that take up by managers should be a performance matter. EAAC welcomed the proactivity of the Secretary General in promoting this matter.

4.7.2 EAAC noted that the 2020 and 2021 Financial Disclosure Programmes (FDP) were completed with 100 per cent compliance. EAAC has again noted the time the Ethics office dedicates to administrative process, and is concerned that many current arrangements, in particular the FDP, are manual and process heavy. It also noted concerns raised by the Ethics Officer that the funding for the function was not part of the regular budget, instead funded partly through the AOSC Fund. EAAC is concerned that core central functions should not be dependent upon extra-budgetary funding. It reiterated the importance of clear plans to focus the limited resources of the Ethics office on priority tasks and to assess the value attributed to ad hoc support tasks and for these to be considered in the context of the wider priorities of the Ethics function to support the transformation agenda within ICAO. EAAC again reiterates prior recommendations made on the need for prioritisation and automation of ethics activities, with a greater focus on risk and cost benefits given the budgetary pressures. It highlights the need to dedicate sufficient resources to training on ethics matters and to establish effective anti-fraud and corruption policies and risk assessments.

4.7.3 In discussion, EAAC again noted that there would be benefits in ensuring a regular sharing of good practices and observations between the ethics and investigation functions and OIO, to ensure that training targets any areas of risk identified within ICAO.

4.7.4 EAAC had a presentation which outlined the arrangements now in place in respect of the handling of investigation matters. EAAC was satisfied with the way in which the arrangements with UN Office of Internal Oversight Services (OIOS) were operating and with the level of information provided. The lack of clarity in the arrangements which gave rise to concern in EAAC's report last year had been addressed. EAAC was further satisfied by the in-camera session held with the UN OIOS where EAAC sought to understand how the arrangements operated and any operational issues which UN OIOS encountered in undertaking its work. EAAC confirmed that the MoU with UN OIOS was now in place and operating effectively. Overall EAAC was satisfied that sufficient actions were being taken in respect of investigations and that recommendations made in prior years in this area had been addressed.

4.7.5 EAAC noted the cases reported to Council by UN OIOS and stressed the importance of instances of fraud or corruption being pursued to the maximum extent possible to ensure recovery of funds through national authorities or through the UN Pension Funds where appropriate.

4.8 New Initiatives

4.8.1 EAAC was positive about the agenda for transformational change at ICAO, delivering the transformation will better position ICAO to deliver efficiently and effectively. Collectively, the various projects will provide opportunities for greater workforce agility, improve business enabling systems, enhance evidenced based decision making and provide a new strategic clarity, linked to resources. In welcoming the significant plans for change, EAAC noted the significant number of change projects which were being run across the organisation, many of which were focused on the SPCP area. EAAC is concerned that with such significant developments there is a risk that initiatives may fail due to the lack of resources

and of internal capacity to deliver them. ICAO remains reliant upon individual contractors for many of the change programmes, and it is important that staff are identified to ensure that skills are grown and knowledge is transferred so that the capability can be developed and retained within the organisation. EAAC is particularly concerned in respect of capacity within SPCP, where change programmes such as Results Based Management, Accountability Framework, Internal Control and Enterprise Risk Management are delivered. Additional key development projects are the ICT Transformation and the HR Strategies.

4.8.2 In EAAC's view there is a need to bring together the key strategic programmes, projects and initiatives underpinning the transformation agenda into a single portfolio governance and management office. EAAC has noted that in many organisations undergoing change, key projects are overseen by a Programme Management Office (PMO), which independently reports on the quality of project governance, the achievement of project goals and the costs and timelines for implementation. In our view such a PMO type discipline is necessary to ensure that programmes and projects remain on track and that their delivery supports overall organisational development. EAAC considers that these governance arrangements would provide the Secretary General and the Council with greater assurance. While not a PMO, we understand the Secretary General is considering such a development to provide portfolio level coordination, governance and reporting, with programme and project management performed at the bureau and office level. Once determined EAAC will review the design of these arrangements and provide observations to support its effectiveness.

4.8.3 EAAC also suggests that within each programme careful consideration is given to prioritisation, to ensure that key elements are successfully delivered within the available resources. In many areas of each project EAAC has identified optimism bias, and a dependency on generated funds to support significant elements of many of these initiatives. There is, therefore, a significant risk that some key components of change might not be delivered due to insufficient generated funds.

4.8.4 **Recommendation 2:** EAAC is concerned about the significant number of organisational change projects and the impact on capacity and encourages ICAO to ensure prioritisation and prudence in the delivery of the transformation, with clear project milestones, cost control and project oversight by a team dedicated to programme and project oversight and control.

4.8.5 **Results Based Management** - During 2022 ICAO has developed a budgeting approach which has applied significant elements of a results based budget, which will be further developed during 2023-2025. EAAC sees this as a positive step to aligning the use of resources to organisational objectives and the expected results. The initiative was undertaken in a short time frame as a mechanism to introduce the concept to underpin the prioritisation of resourcing for the forthcoming Triennium. The initiative addresses concerns which were raised by the OIO report in 2019, which highlighted that ICAO lacked a strategic approach to both the allocation of resources and identify and tracking outcomes. The use of the RBM approach has created an important and visible link between the allocation of resources and the achievement of business objectives. EAAC sees this as a positive development, but the concepts of RBM will take time to fully embed in management culture. There should be a clear commitment to further refining RBM, to ensure adequate training and a proportionate approach to measuring and reporting outcomes and performance to ensure the process is proportionate and focused on more significant deliverables to drive efficiency and effectiveness.

4.8.6 **Accountability Framework** – EAAC has noted the development of an initiative by the Secretariat and the CoG to better articulate the overall Accountability Framework of ICAO, between the Assembly and Council and between the Council and the Secretariat. In the context of the unique nature of ICAO's overall governance, the development of a clear set of accountabilities and a clear scheme of delegation is integral to the effective and efficient governance of ICAO. Reviewing the framework would

provide an important opportunity to reflect modern management practices and governance, to deliver greater efficiency in the processes to support the Council's oversight, and reduce the ad hoc nature of the Secretariat's reporting, which drives a significant opportunity cost. Linked with the wider transformation of ICT and the development of better data driven business reporting, there is scope to enhance the quality and efficiency of reporting to Council. In EAAC's view it would be important for the Council to seek the opportunity to achieve efficiencies in reporting, underpinned by the wider improvements in transparency and accountability which should drive greater confidence in the ICAO business processes.

4.8.7 EAAC has offered its support to the Secretariat and the Chair of the Committee on Governance to provide comment on any proposals considering the experience of its members, particularly in respect of the accountability framework relating to the Secretariat. It has shared good practice from the wider system and stressed the importance of bringing together various accountability elements, many of which are already in place or evolving, into a coherent framework. A clear framework can then provide greater confidence to Member States around the management of resources and risks, providing a clearer set of assurances against which the Council can hold to account. A prime example of a sound framework within the UN system, shared with ICAO, is that used by the World Intellectual Property Organisation, which has articulated seven pillars within its accountability framework Table 2. In EAAC's view ICAO should aim for a similar coherent framework, underpinned by compliance reporting and an additional pillar to reflect the accountabilities and delegations to the Secretary General to ensure an appropriate reporting line to the Council for the management of the Organisation.

4.8.8 **Recommendation 3:** EAAC fully supports the development of an ICAO Accountability Framework to better articulate the relationships between Assembly, Council and the Secretariat. EAAC is happy to participate and provide views if requested by the CoG on any planned proposals, with a view to the arrangements leading to greater efficiency and effectiveness in reporting to Council.

Table 2: An example of a UN System Accountability Framework which could be adapted for ICAO's circumstances

5. CONSIDERATION OF THE REPORTS AND PERFORMANCE OF OVERSIGHT FUNCTIONS

5.1 Performance of the External Auditor

5.1.1 EAAC reviewed the reports of the external auditors during the year. It provided feedback to the External Auditor in response to the detailed audit plan by correspondence in December 2021. EAAC confirmed that the plan met the requirements of International Standards on Auditing (ISAs) and focused on important and material risks to ICAO. It provided an appropriate basis for the audit of ICAO's financial statements. EAAC has continued to enjoy good and positive engagement with the Swiss Federal Audit Office, and it has communicated the findings from its reports directly to the Committee and been available to respond to questions.

5.1.2 EAAC welcomed the unqualified audit opinion provided on the financial statements and that they had been properly prepared in accordance with International Public Sector Accounting Standards. EAAC noted that the quality of the disclosures had been enhanced by management, and that key areas such as the provision for payment of receivable assets and the recognition of in-kind donations were now appropriately reflected in the accounts. It also noted that the quantum of adjusted and unadjusted errors supports the view that ICAO has sound processes to compile its financial statements. In its reports the external auditor highlighted the internal control weaknesses arising from inadequate logical access controls within the IT systems. This is a function of the wider ICT security control weaknesses which have been long standing. EAAC also noted some deficiencies within controls identified within the Treasury function, creating risk of unauthorized signatures, we understand changes have been made to mitigate these risks after the report. The External Auditor's report highlights the financial pressures on the Organisation and the cash flow pressures which it observes will result in significant pressures on the working capital fund.

5.1.3 The External Auditor reported on ICAO's IT Governance during the period and highlighted significant deficiencies in the ICT Strategy which existed at the time of its review. It also identified significant weaknesses in project management and the allocation and control over funding for IT projects and improvements. The findings of this work have helped inform management in the creation of the most recent draft ICT Strategy. EAAC particularly noted elements of these reports which continues to believe are relevant in the context of the new Strategy, namely the consideration of the mix of outsourced provision and controls and the need to retain in house capacity. It also noted the continued emphasis on project control and oversight. The recommendations on the need to better align IT investment to the delivery of business objectives is being addressed through RBM and the alignment of the new ICT Strategy to organisational aims. EAAC noted in its engagement with the External Auditor that they have confirmed the development of the new ICT Strategy is taking account of the observations they have made.

5.1.4 Overall, EAAC considers that the work of the SFAO has been of good quality and that it has met the risks identified in the initial audit plan and delivered to the standards expected under ISAs. EAAC again welcomed the timeliness of SFAO's reporting, despite the continued requirement to undertake much of the audit remotely. EAAC looks forward to continued engagement with SFAO and for their participation in future meetings.

5.2 Office of Internal Oversight

5.2.1 A key area of EAAC's responsibilities is to provide assurance over the work of OIO and the extent to which it provides independent and objective assurance on the effectiveness and efficiency of governance, risk management and control processes of ICAO. EAAC discussed the development of the risk-based audit plan, the status of the implementation of the audit plan and the implementation of audit recommendations. OIO provides the EAAC with regular monthly updates on its work, and OIO reports are

made available to us. Despite turnover within OIO we have again noted the quality of the reporting and focus of audit effort. EAAC continues to be well served with an honest reflection on the ICAO control framework in its discussions with the Chief of OIO. The OIO Annual Report is entirely consistent with the observations that EAAC has made in its own considerations and the Committee fully supports the risks and issues raised.

5.2.2 EAAC is satisfied with the review of OIO outputs which have maintained the quality requirements of the International Internal Auditing Standards. These were externally validated in the prior year. EAAC has noted the professionalism of its staff and noted that the work reported has been of good quality. In EAAC's view the OIO has continued to maintain the requirements of internal auditing standards, and this is supported by EAAC's review of OIO's annual self-assessment. OIO's work adds value to ICAO, and it participates more widely in providing advice and input to new initiatives.

5.2.3 OIO's findings are an integral part of ensuring a robust internal control environment is in place. Consequently, EAAC has been concerned to note both the delay in management clearing OIO reports (in 2021 this took an average of 77 days) and in respect of the delays in implementing the recommendations arising from its work. By 30 June 2022 there were 117 outstanding recommendations, 53 of which were passed their planned implementation date and 77 were of high priority.

5.2.4 At its July meeting the EAAC reflected upon these issues and sought explanations from management in areas where recommendations have not been implemented. Common themes emerging, which impacted on the ability to implement recommendations, were the insufficient resources and competing priorities, which had been exacerbated during the pandemic. EAAC suggested that OIO once again circulate management to reconfirm both the continued relevance of recommendations, planned actions and the planned date for implementation. EAAC will then monitor against this on a regular basis and seek explanations from management for any departures, especially in respect of high priority recommendations. EAAC will also seek the views of Chief, OIO to confirm his view on any reasons for departure from the planned recommendation or any reason to agree the closure of a recommendation which has not been implemented. EAAC will seek the advice of Chief, OIO to ask relevant managers to attend the EAAC to explain any reasons for failure to implement recommendations.

5.2.5 EAAC Members have taken note of the various report outputs from OIO, taking note of those reports which have required major improvement. EAAC was concerned to note the significant weaknesses and issues arising from the audits of the management of medical services and the weaknesses in controls over mobile technology. Both reports have highlighted some serious control failings, and EAAC has noted the actions being taken in respect of both reports. EAAC heard the results of the results of the evaluation of the Global Aviation Security Plan and welcomed the review of this important area of ICAO activity. EAAC supports all the recommendations made by OIO during the period.

6. FUTURE WORK PROGRAMME

6.1 Based on its work to date, the EAAC envisages the following work programme, although its agendas will also be informed by issues identified by the Committee on Governance and management:

Autumn

a) Update on the status of the ICAO transformation initiatives

b) Council Governance changes, impact on EAAC Mandate and exchange on priorities

c) ERM deep dive/challenge of high-level risk register for a functional area

d) Update on Human Resources strategy and status

e) Update on the status of the ICT strategy

f) OIO progress report, review of audit plans and update on recommendation status, including JIU

g) Review of external audit recommendations and the format of financial statements

h) Review of external audit plans for the Financial Year 2022

i) Process for the preparation of the Statement on Internal Control

Spring

a) Review of financial statements and Statement on Internal Control

b) Consideration of results of the external audit

c) Consideration of financial management

d) Review of annual reports from OIO, Ethics, Investigations and Procurement

e) Review of the Risk Register and process

f) Progress on ICT Action Plan

Summer

a) Issues identified during the year or remitted by Council for consideration by EAAC

b) Review of the ICAO transformation programmes and delivery and progress on ICT and HR Strategies

c) Discussions with UN OIOS on the investigation arrangements within ICAO.

d) Follow up on OIO and External Audit Recommendations

e) Follow up of all EAAC Recommendations

f) Clear messages to provide to the new EAAC and arrangement for handover to the new Membership

7. FOLLOW-UP OF PRIOR EAAC RECOMMENDATIONS

7.1 The EAAC has noted with satisfaction that the recommendations of last year's report were all accepted by the Secretary General. Appendices C and D provide commentary on the status of recommendations, many of which have been progressed. EAAC will continue to monitor those that remain in progress, alongside the recommendations arising from its work during this year.

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APPENDIX B

SECRETARIAT ACTION PLAN TO IMPLEMENT THE RECOMMENDATIONS OF THE EAAC FOR THE PERIOD 2021-22

Ref	Recommendation	Accepted (Y/N)	Management Comments on progress against actions	Responsibility	Target Date
1	**EAAC recommends that management develop a suite of compliance reports and validations building on the new classification of significant control risks, to provide a framework to support management's assessment of the quality of internal control.**	Y	Currently the MASD is used to support management's assessment of their internal controls. Not necessarily a framework, but SPCP can design a report support and validate the application of internal controls by management,	SPCP	Q3 2023 (subject to resources)
2	**EAAC is concerned about the significant number of organisational change projects and the impact on capacity and encourages ICAO to ensure prioritisation and prudence in the delivery of the transformation, with clear project milestones, cost control and project oversight by a team dedicated to programme and project oversight and control.**	Y	The Secretary General is establishing an ICAO Transformation Team in the OSG to provide Portfolio governance, direction, monitoring, oversight, guidance and support for the Transformational Objective implementation, while the owners of Transformational Objective Outputs in bureaus and offices will manage the implementation of the corresponding programmes and projects	OSG	Q4 2025 (partially subject to the receipt of sufficient voluntary financial contributions and secondees from States for the Transformation Team and the implementation of unfunded Transformational Objective projects)
3	**EAAC fully supports the development of an ICAO Accountability Framework to better articulate the relationships between Assembly, Council, and the Secretariat. EAAC is happy to participate and provide views if requested by the CoG on any planned proposals, with a view to the arrangements leading to greater efficiency and effectiveness in reporting to Council.**	Y	The Secretariat is appreciative of the EAAC's support and participation in the development of ICAO's Accountability Framework and looks forward in finalizing this document to the Council with the EAAC.	SPCP	Q4 2023

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APPENDIX C

SECRETARIAT ACTION PLAN TO IMPLEMENT THE RECOMMENDATIONS OF THE EAAC FOR THE PERIOD 2020-2021

Ref	Recommendation	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Bureau Responsible	Target Date	Status on the agreed action
1	**EAAC recommends that a clear assurance timetable is established to provide objective assurance on progress on the Information Security Roadmap 2020-2022 and the sufficiency of resources to address a prioritized implementation.**	Y	Regular updates on the implementation plan and scheduled milestones pertaining to the Information Security Roadmap have been included in the presentation presented at every Session of the Council since the 219th Session.	A copy of the updated detailed implementation plan and scheduled milestones will be presented as Annex to the SG Oral Report on Update on Information Security and Information and Communications Technology Management at ICAO as from the 224th Session.	ADB	30 September 2021	**Management's assessment - completed.** The oral report on *Update on Information Security and Information and Communications Technology Management at ICAO as of 30 September 2021*, which was presented during the 224th Session of the Council included a high-level implementation status and planned milestones for the Information Security Roadmap 2020-2022. **EAAC's assessment – Completed** The organizational self-assessment has been noted, and confidence was taken from the transparent assessment by the CISO. EAAC will review progress on the project placing reliance on the objective assurances provided by those outputs. While an assurance plan has not yet been assembled, EAAC consider the substance of the recommendation to have been met.
2	**Noting the weaknesses in General Computer Controls and logical access, it considers that these elements should be addressed as a priority to minimize**	Y	The Secretariat has completed an internal audit on IT logical access in June 2021 with seven recommendations requiring	The Secretariat will endeavour to implement all the agreed actions outlined in the Internal Audit	ADB	~~30 June 2022~~ 1 March 2023	**Management's assessment - In progress.** A comprehensive Identity and Access Management Solution with a separate top-tier Privileged Access management solution is

Ref	Recommendation	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Bureau Responsible	Target Date	Status on the agreed action
	the risk to ICAO systems and incorporates the need for enforcing compliance with procedures.		actions which have been planned to be completed by June 2022. Ref. IA/2021/04.	Report on IT Logical Access by the agreed target date.			currently under implementation within the InfoSec Roadmap project. The solution is being carried out through Tech Mahindra and is currently foreseen to go live in early 2023. **EAAC's assessment – In progress** The Annual Report highlight's continued weakness in these areas and considers that key control weaknesses should be urgently addressed rather than to wait for future solutions. Until these weaknesses are resolved ICAO remains open to significant IT risks.
3	**EAAC notes that ICAO continues to lack Business Continuity and Disaster Recovery Plans, ICAO should undertake a 'lessons learned' exercise to inform the creation of clear plans**	Y	The Secretariat has already developed a Business Continuity Plan which includes the aspect of lessons learned exercise or formulating an after action report. The existing BCP has been used and activated in the context of the COVID-19 pandemic in March 2020. It also includes Recovery Procedures. This item is also included in the Risk Register as item that is being monitored.	A lessons learned exercise will be conducted as per the existing Business Continuity Plan.	ADB	~~30 April 2022~~ 31 July 2023,	**Management's assessment - In progress.** A lessons learned exercise is planned to be undertaken benefitting from the experience of the COVID-19 situation and the activation of BCP in all ICAO offices including ROs. The review will also build on the experience from the comprehensive risk management exercise conducted for the 41st Session of the Assembly. **EAAC's assessment – In progress** Management have recognised the need for a review of continuity arrangements and EAAC will review the outcomes of the review and the adoption of these within a BCP.

Ref	Recommendation	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Bureau Responsible	Target Date	Status on the agreed action
4	**EAAC considers there is an urgent need to review the overall HR Strategy within ICAO and it will undertake further enquiries in its forthcoming work programme to look at risks around succession planning, use of contractors and the management span of the Secretary General.**	Y	The Secretariat will provide the information requested by EAAC in undertaking further enquiries on the work of the Secretariat relating to human resources strategy. It is expected that the position of Deputy Director, HR, once filled, will play a major role in further setting out the strategic direction for HR management.	The Secretariat will endeavour to develop an overall HR Strategy building on the lessons learned and outcome of implementation of several HR initiatives, including the ICAO People Strategy, Global Engagement Survey, policy and organizational development activities.	ADB	31 December 2022	**Management's assessment - In progress.** The HR Strategy is advancing in draft and will be ready before the due date. **EAAC's Assessment – In progress** EAAC welcomed the outline strategy proposals presented to in July 2022, and progress has clearly been made on the development of a strategy to support transformation of ICAO. EAAC is happy to provide further views when drafted, but as noted in the Annual Report it has identified risks around the significant cultural changes and resources required for a successful implementation which will be risks to its implementation. It indicated that clear prioritisation of the elements of strategy were needed to ensure resources and effort were focused to best effect.
5	**EAAC considers that actions are needed to review the framework and strategies for TCB given the reliance of ICAO on funds generated. It considers there are potential risks which need managing at an early stage through due diligence reviews to consider the cost benefits and organizational capacity to deliver within a defined risk appetite.**	Y	As the demand from States has changed over time, ICAO has to look into this paradigm shift and define new scope and framework replacing the traditional business model of TCB to accommodate the new realities. Due diligence and risk assessment has been strengthened within TCB with	1) Conduct detailed review of the strategies for TCB and define the framework and scope of its support activities to States.	1) TCB supported by the rest of the Organization	1) December 2023	**Management's assessment - In progress.** In line with the TCB Business Model and Strategy and the rapidly changing business environment, TCB has recently implemented the following strategic initiatives which are clarifying and expanding the framework and scope of its support activities to States:

Ref	Recommendation	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Bureau Responsible	Target Date	Status on the agreed action
			the establishment of the TCB Projects Board. The establishment of a revised cost recovery mechanism for TCB are part of the scope of the Finance Initiative Programme.				• Transfer of the procurement function from TCB to ADB in December 2021, for improved internal control, transparency, avoidance of conflicts of interest, and alignment with UN best practices. • Finalization of the Policy on ICAO Implementation Support Provided to States, which was endorsed by the Council during its 225th Session. Under a One-ICAO approach, several projects trialling the Policy are currently underway. Further alignment of technical assistance and technical cooperation activities will occur through the ongoing development of the Policy's implementation roadmap. • The integration of the Revenue Product Management (RPM) Section into TCB was carried out 15 June 2022. This integration will enable TCB to strengthen, inter alia, its marketing, promotion, and sales activities. It will also facilitate revenue diversification through the development of new products and services based on ICAO’s intellectual property. Moreover, based on its diversification strategy, TCB has continued the development and deployment of iPacks and is in the process of developing a new product called Implementation Support Programme (ISP)

Ref	Recommendation	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Bureau Responsible	Target Date	Status on the agreed action
							with the support of the Technical Bureaus. The first ISP will be developed in 2022 addressing Safety Oversight Capacity needs. Furthermore, strategies are being developed to enhance the Bureau's work in key areas and initiatives such as Marketing/Business Development, Field Personnel - Expert Outreach, and iPacks. Due diligence with regard to the acceptance and management of projects continues to be carried out through the TCB Projects Board. **EAAC's assessment – in progress** EAAC has not performed a deep dive in the TCB activities, but notes progress and management's assessment that work remains ongoing, this will be addressed in the 2022-2023 work programme activities. **Management's assessment - In progress.** In early 2022, a new cost recovery study was carried out by the Secretariat with the assistance of a consultancy firm to define the Organization's cost structure and more accurately determine costs of activities funded from sources other than the Regular Budget. The cost model determined that TCB was not

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				2) Assess costing of TCB products and services in order to develop a cost and pricing model enabling the Bureau to fully recover its costs.	2) TCB/FIN	2) July 2023	fully recovering its costs through the current administrative fees. Moreover, a cost recovery policy working group (WG) led by FIN was established in May 2022 with the objective of aligning the policies and practises into a holistic policy that applies to all funding sources of the Organization. Based on the working group's recommendations and discussions, FIN will draft the policy to be discussed and agreed with Bureaux Directors and SMG before presenting it to Council. TCB has indicated that the policy should ensure full cost recovery while maintaining competitiveness. **EAAC's assessment – In progress** EAAC noted management's response and will await the result of the policy. It is critical that in undertaking activities outside of the Regular Budget that ICAO recovers the costs associated with this work. It is important to understand costs to make effective decisions, and EAAC welcomes the consideration of the need to do this. Our review will consider the effectiveness of the process and the arrangements which ICAO will adopt once it has established these.

Ref	Recommendation	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Bureau Responsible	Target Date	Status on the agreed action
6	**The finance function should have full visibility to apply standard budget and variance monitoring across all areas of ICAO's activities and that monitoring arrangements are transferred from the operational TCB functions.**	Y	Streamlining financial related activities within one organizational entity has a lot of benefits. It also enables to apply across all areas of activities standard budget and variance monitoring.	FIN and TCB should conduct a study on the impact and mitigation measures. In parallel, a transition plan has to be prepared to avoid business interruptions.	TCB/FIN	December ~~2022~~ 2023	**Management's assessment - In progress.** To implement this recommendation, the study needs to be conducted. Consideration will be given to hiring an external consultancy to carry out an independent study as may be required. FIN and TCB will jointly participate and contribute to the study. Given other urgent priorities, including upcoming external audits, the Assembly, account closure and Digital Transformation sponsorship projects, during which neither FIN nor TCB will be available, the tentative target date for this recommendation should be changed, at the earliest, to the end of December 2023. **EAAC's Assessment – in progress** EAAC has noted the deferred timeline on its recommendation. In times of constrained resources effective budget monitoring is key. EAAC considers that delaying a greater focus on centralised and standardised budget reporting could create risks to financial management which may be critical to managing cashflow and assessing resources available to support change projects.
7	**EAAC considers that it is important to outline a clear project governance plan for the development of enhanced strategic business planning and RBM,**	Y	ICAO agrees that it is important to prepare a clear governance plan for the development Business planning following a robust RBM framework.	SPCP has developed a roadmap for the development of the Business plan and is in the process developing a detailed roadmap to enhance RBM practices in ICAO	SPCP	March 2023 ~~2021~~	**Management's assessment - In Progress.** A draft RBM roadmap has been finalized. Roadmap will be finalized January 2023 after further consultation with Senior Management.

Ref	Recommendation	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Bureau Responsible	Target Date	Status on the agreed action
	including the timeline for planned activities.			following OIO recommendations and good RBM practices as per the JIU Benchmarking Framework.			**EAAC's assessment – In progress** EAAC has noted the positive developments in introducing RBM made during 2022, but has concerns around organisational capacity. It will review the Roadmap when completed and presented for review.
8	**a) ICAO should consider the benefits of the use of an IT system to mandate an annual declaration that all staff have read and complied with ICAO Service Code.**	Y	a) Currently, existing provisions relevant to this matter are the Standards of Conduct, which are an appendix to Staff Rule 101.1 (Staff Regulation, Article I), and the Declaration of Office (Staff Regulation 1.17) which requires a staff member to sign a declaration as a condition of employment upon joining ICAO. This matter will have to be reviewed by ADB in coordination with LEB, and taking also into account the prevailing practice in other UN organizations. b) ICAO is already considering the benefits of using an IT system to automate the financial disclosure programme (FDP). In this context, the Ethics Officer engaged in discussions with the United Nations Ethics Office (UNEO) to explore the	a) Review of the recommendation, its legal implications as well as potential constraints in implementation. Research on the prevailing practices in other UN organizations concerning an annual declaration relating to the conduct of staff. b) In coordination with relevant offices, such as Procurement, the Ethics Officer will continue to explore options, such as the possibility for ICAO to join a platform used by other International Organizations or to	ADB	~~30 June 2022~~ December 2022	**Management's assessments:** **8a) In progress.** This matter will be further reviewed by ADB/HR in coordination with LEB. ICT will implement a viable solution as and when the requirements and approach are clear and ready **8b) In progress.** The attempt to have ICAO joining a platform run by another other International Organization was unsuccessful due to different constraints, such as incompatibility between regulatory frameworks, security issues or the United Nations International Computing Centre (UNICC) liability concerns. For this reason, in coordination with Procurement, the Ethics Officer engaged in preliminary discussions to develop a secure and reliable electronic platform for the submission and storage of confidential information associated with the Financial Disclosure programme. As such action would require adequate resources and

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	b) Additionally, there may be benefits in automating the Financial Disclosure requirements to enable disclosures to be stored and transmitted securely.	Y	possibility to transition ICAO paper-based FPD onto the electronic platform run by the UNEO. However, this would be inconsistent with the existing ICAO regulatory framework as neither the Ethics Officer nor the Secretary General would have access to any information disclosed by ICAO personnel. The Ethics Officer also explored alternative solutions. Regrettably, until now such actions have not yielded positive results, partially due to the fact that the number of ICAO personnel participating in the FDP is limited and not really attractive for a very specialized market.	procure a secure and confidential third-party online system.	Ethics Office	December 2022	funds, the Ethics Office asked and obtained some funds from the 2021 carry over. However, this would hopefully cover only the development and launch of the platform but not the annual fixed costs associated with the hosting and maintenance of the same platform and the cost for an effective verification process. To address this need, the Ethics Office proposed to cover such costs in the 2023-2025 triennial budget, based on preliminary input from UNICC obtained under the Procurement section. Discussions with the UNICC were posed pending review of such proposal. Regrettably, the proposal of the Ethics Officer was unsuccessful and this would have an impact on the further discussions with the UNICC which were resumed in September 2022. **EAAC's assessment – In progress** EAAC has noted the planned progress and remains of the view that an automated process would lead to efficiencies within Ethics, allowing greater focus on proactive and preventative activities.
9	**A clear and prioritized plan for the delivery of all the required ethics tasks should be compiled to assess any gaps between resources available and the tasks which need to be undertaken.**	Y	Due to the fact that the Ethics Office plays mainly an advisory role, it is composed by only one individual (i.e. the Ethics Officer), and urgencies and priorities are mainly dictated by	The Ethics Office will try to develop a plan including input on priorities of the Office and the impact of the available limited resources on the prompt and	Ethics Office	June 2022	**Management's assessment - Completed.** The Ethics Office developed and submitted to the Secretary General a 2022 Ethics Function workplan which included reference to the projects/actions that were expected to be

Ref	Recommendation	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Bureau Responsible	Target Date	Status on the agreed action
			"clients" or unpredictable circumstances, the development of a clear and prioritized plan for the delivery of all the required ethics tasks could prove difficult to fully implement.	proper implementation of the assigned tasks.			prioritized in 2022 while implementing the five areas of the mandate of the Ethics Office (paragraph 91 of the Framework on Ethics refers). Such initiative should also facilitate the planning of the extremely limited resources available to the Ethics Office against the full range of required actions and identify gaps on core activity in order to assess any further resourcing needs. It is also noted that while some of the actions have already been implemented (such as the prioritization to cases of protection against retaliation and review of the eligibility criteria of the Financial Disclosure Programme) the proper implementation of other projects/actions included in the plan would depend on the availability of necessary resources. [*The Ethics Office shared copy of the 2022 with the EAAC by during a meeting held on 26 July 2022*] **EAAC's assessment – In progress** EAAC considers that there is further work required to prioritise activities within the scope of the approved resources. It encourages the Ethics Officer to identify those areas of activity which could not be delivered. **On this basis EAAC does not support management's view that the recommendation should be closed.**

Ref	Recommendation	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Bureau Responsible	Target Date	Status on the agreed action
10	**There is a need to improve communications between the ethics and investigative functions to ensure information informs training and policy review.**	Y	Bearing in mind that the investigative functions have been outsourced to OIOS, the ongoing negotiation with the same for the finalization of the MoU, and the fact that ICAO has agreed to have a single focal point with OIOS (in the person of the Human Resources Specialist - Policy and Disciplinary Matters) it would be more effective and it would avoid confusion and/or miscommunication, if the improved communication would be established internally to the ICAO, i.e. between the Ethics Officer and the Human Resources Specialist - Policy and Disciplinary Matters.	Regular/dedicated meetings (for instance every two months) between the Human Resources Specialist - Policy and Disciplinary Matters and the Ethics Officer, during which the former would provide input based on cases submitted to OIOS, and exchange of view on issues and trends arising from such cases. As done in other UN entities, such meetings could also involve other relevant internal stakeholders, such as Ombudsperson and/or Chief OIO.	Human Resources Specialist - Policy and Disciplinary Matters	~~September 2021~~ November 2022	**Management's assessment - In progress.** The SPDM Office is vacant and the process to fill the role is ongoing. These interactions will be built into the operational ToR for the new SPDM. However, regular interactions between HR and the Ethics Officer on ethics-related cases will be established, pending completion of the selection process for the new SPDM role. **EAAC's assessment – In progress** EAAC notes the proposed actions and commitments by management.
11	**EAAC recommends that arrangements with UN OIOS be finalized as soon as possible to ensure an MoU is in place. ICAO should review the cost effectiveness of these arrangements against the benefits of incorporating all but the most serious allegations to the ICAO OIO function.**	Y	Agreed. ICAO is actively engaging with UN OIOS and UNEO to finalize the respective agreements. The ICAO Council has made a decision to outsource all investigations to an external entity. A review of cost effectiveness against the OIO function would require Council's direction and decision.	The negotiation for finalizing the MoU with OIOS is in its final stage.	ADB/LEB	September 2021	**Management's assessment – Completed.** The Secretariat signed the Agreement with OIOS in January 2022, and the Agreement with UNEO in August 2022. **EAAC's assessment – Completed** Agreed

Ref	Recommendation	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Bureau Responsible	Target Date	Status on the agreed action
12	**The current reporting lines for investigation should be reviewed, to consider the risks of reporting through the Director of ADB, given the perception risk of reporting through a substantive operational division.**		The ICAO Council has decided not to provide an investigative mandate to OIO. A review of responsibilities and reporting lines would require Council's direction and decision. ***(EAAC notes the Secretariat's response, but continues to hold this view)***				**EAAC's assessment – not implemented (no further action)** EAAC notes management view and from interactions during 2022 it has assessed the arrangements adopted to be effective.
13	**EAAC recommends that ICAO consider the effectiveness of its internal review and challenge process, to ensure risks and mitigations are appropriate and the risks to sustainability of the processes following departure of the consultant.**	Y	Ongoing monitoring and review of the corporate risks, mitigation actions, and its effectiveness are done by SPCP and validated by the ERM Reference Group. OIO and EAAC will continue to provide an advisory role in ICAO's ERM to ensure risk processes are effective. SPCP will be proposing a permanent risk role at the next triennium budget.	a) SPCP to encourage the ERM reference group to challenge the mitigation action in the risk register. b) SPCP to continue to collaborate with EAAC to review the implementation of the Corporate Risk Register process, risks, and mitigation actions.	SPCP	November 2022 (next EAAC meeting)	**Management's assessment:** a) **In progress:** mitigation actions in the Corporate Risk Register will be challenged at the next ERM Reference Group meeting on Nov 8 b) **Completed:** ongoing collaboration between SPCP and EAAC on the implementation of the risk register processes, risks, mitigation actions, and internal controls is already in place and reported in annual working papers to the Council. **EAAC's assessment – In progress** EAAC will consider the effectiveness of the challenge process and undertake deeper dives on specific areas to test the effectiveness and embedding of arrangements as part of its 2022-23 work programme.

Ref	Recommendation	Accepted (Y/N)	Management Comments	Agreed Actions	Office/ Bureau Responsible	Target Date	Status on the agreed action
14	**Risks should be reviewed on a regular basis and should feature, as regular consideration by the SMG, to embed the register in decision-making and to ensure that mitigations reflect the current senior management view of risk.**	Y	The current risk review process is twice a year done by SPCP with all Bureaus/Offices, signed off by Directors, validated by the ERM Reference Group, and reported to Council once a year. As part of the risk register process, Bureaus/ Offices are recommended to review their risks and update mitigation actions on a monthly basis.	SPCP to provide a risk status dashboard at the SMG every month to further ensure risks are reviewed by senior management.	SPCP	December, 2022	**Management's assessment - In progress:** a draft dashboard has been created and awaiting updates to the bureau/ office risk registers to report on at the October SMG meeting **EAAC's assessment – In progress** EAAC will review the outputs as part of its work programme.

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APPENDIX D

FOLLOW-UP OF THE 2019-20 SECRETARIAT ACTION PLAN TO IMPLEMENT THE OUTSTANDING RECOMMENDATIONS OF THE EAAC FOR THE PERIOD 2019-20

Ref	Recommendation	Management Comments	Agreed Actions	Office/ Bureau Responsible	Secretariat View on Implementation	EAAC Status Review
2	The EAAC recommends that the Terms of Reference be revised to include investigation-related issues in 2021.	The EAAC ToR will be revised in 2021 to address the recommendations of the JIU report on audit and oversight committees (JIU/REP/2019/6), the Council's review of the EAAC appointment process (C-DEC 219/1), and any other suggestions by EAAC members.	The updated EAAC ToR are submitted to the Council for approval.	EAO	225th Council Session	**Completed** EAAC has provided its observations to the Council as part of the 2022 Annual Report for changes to its Terms of Reference.
4	The EAAC recommends that there should be greater discipline around the accountability and control over the deadlines for implementation of recommendations, and that changes to implementation dates or requests for closure are formally communicated to EAO and that requests are visible to	In many cases, the implementation of audit/evaluation recommendations requires resources that have not been budgeted. The provision of additional resources may either take time or may not be possible. This inevitably results in delaying the implementation or even preventing it. In other words, such recommendations become unfunded mandates that have the potential to detract from strategic programme initiatives and need to be factored in the ongoing work planning.	Management will give more careful consideration to and conduct an assessment of the resource requirements as well as to improve the necessary cross-entity coordination needed for the implementation of each recommendation, prior to its acceptance. The result of this assessment will guide management's decision.	All Bureaus and Offices All senior management	Ongoing efforts undertaken by management in coordination with OIO	**On-going** EAAC has again reported that clearance of reports and recommendations continue to suffer delay, but has noted the circumstances of COVID-19 as a factor. EAAC is establishing arrangement for closer scrutiny of these arrangements as part of its 2022-23 workplans.

Ref	Recommendation	Management Comments	Agreed Actions	Office/ Bureau Responsible	Secretariat View on Implementation	EAAC Status Review
	the EAAC to enable it to assess the level of management commitment to their implementation.	The monitoring tool used by EAO is Symbiant. Access to this tool is restricted to a limited number of staff and only to recommendations that are relevant to them. Regular updates are provided to EAO through Symbiant and also by email for outstanding recommendations. More clear procedures for timelines, roles and responsibilities for the update of the action on the recommendations should be in place.				
5	The EAAC recommends that senior management demonstrate their commitment to fostering a culture of disclosure and reporting of appropriate concerns and that the training and culture of transparency should be driven by the Secretary General and her senior staff.	The Secretary General and Senior Managers consider fostering a culture of transparency and disclosure in ICAO, as a priority.	Town-hall meetings will continue to be held regularly to update staff on recent developments and seek their input and suggestions. Following the latest revision of the ICAO Ethics Framework, a new set of Ethics and Integrity Training sessions is being implemented for staff members and managers. As a follow up to the 2020 Global Engagement Survey (GES), tailored learning sessions will be conducted to discuss the GES results and identify and agree on a set of priority actions. Senior management will encourage staff participation in these activities.	All Bureaus and Offices All senior management	31 December 2021	Completed. EAAC has observed changes to management culture which provide positive examples of change, supported by commitment to staff surveys and ethics training. EAAC will continue to monitor these arrangements and consider their effectiveness.
6	The EAAC recommends that key	The Secretariat agrees with this recommendation and would be	The Secretariat will bring to the attention of the EAAC relevant	SPCP FIN	Next EAAC meeting to discuss logistics of	**In progress**

Ref	Recommendation	Management Comments	Agreed Actions	Office/ Bureau Responsible	Secretariat View on Implementation	EAAC Status Review
	issues such as risks to financial health, internal control or fraud/significant investigations are brought to the attention of EAAC Members and that Management see the importance of briefing the EAAC outside of the normal meeting schedule to ensure its planned meetings and agenda correctly address the key issues facing ICAO.	pleased to provide additional information to the EAAC. An effective coordination and communication mechanism needs to be put to provide the information.	documents related to key risks on financial health, internal control or fraud/significant investigations. Meetings with EAAC can be arranged at its request based on these reports. The Secretariat will share with the EAAC each bureau's risk register to advise its members of the high and medium ranked risks for each bureau and any major incidents. In addition, EAAC will be provided with access to the same reports and dashboards that are available to the ANC, the Council and its Committees. As a reminder, EAO will share in advance the Agenda of the EAAC meetings with all SMG and request any additional topics that should be brought to the attention of EAAC.	All senior management	risk event reporting. A mechanism and procedure to report on risk issues/events will be designed by SPCP for bureaus/offices to report on risk events, including training. SPCP will also provide tracking and reporting of the risk events to the EAAC via email as the risk issues/events occur. Q2 2023	EAAC is satisfied that a mechanism has now been established to provide visibility on key issues, the effectiveness of the arrangements will be assessed during 2023.

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APPENDIX E

TERMS OF REFERENCE OF THE EVALUATION AND AUDIT ADVISORY COMMITTEE (EAAC)

1. PURPOSE

1.1 The Evaluation and Audit Advisory Committee (EAAC) is an independent expert advisory body[1] set up by the Council of ICAO with the purpose of reviewing the accounting and financial reporting process, the system of internal control, the risk and audit process, the evaluation process, and the process for monitoring compliance with financial rules and regulations and the Framework on Ethics.

2. EAAC COMPOSITION

2.1 EAAC is composed of five to seven independent experts, three of whom, in person or virtually, shall constitute a quorum.

2.2 Members of EAAC are nominated by Member States to act in a personal capacity.

2.3 Members are elected by the Council, on the basis of a recommendation from the President[2], for an initial period of three years and shall serve no more than two terms. In order to ensure adequate continuity, invitations for nomination of new members ~~may~~ should be staggered. In case of resignation or demise of a member of the ~~IAOC~~EAAC during his or her term, or if he or she becomes unfit for office, or unable or unwilling to fulfil their duties, a roster/pool of experts identified during the selection process may be used, in order to appoint a replacement to complete the remainder of the term of office.

2.4 Members of EAAC shall be independent of the Secretariat, Council Members, the External Auditor and any other body that may be perceived as a conflict of interest. By way of guidance, individuals should not be nominated for election to EAAC unless a period of two years has passed since the termination date of their employment or period of service or involvement with any of those bodies. Similarly, EAAC members may not be appointed as ICAO staff members for a period of two years following the expiration of their membership to EAAC.

2.5 The Chair of EAAC is elected by its members for a period of one year at a time, and the role shall include the following responsibilities:

a) Ensure that EAAC meetings are scheduled, and agenda are discussed, as per its approved annual work-plan;

b) Schedule additional meetings, if required, and set agenda of these meetings taking into account items proposed by other members of EAAC, ICAO Council, Secretary General, and lead committee proceedings;

c) Ensure, in consultation with the other EAAC members, that advice and guidance is provided to the Council on all issues assigned to EAAC under this Terms of Reference;

[1] As an advisory body of the Council the EAAC is not subject to the Rules of Procedure for Standing Committees of the Council.
[2] Revised as per C-DEC 193/7.

d) Ensure that the representatives from the External Auditor are kept informed of EAAC proceedings and solicit comments and advice from ~~EAO~~ the Office of Internal Oversight (OIO) relating to matters relevant to the Committee, and the internal audit and evaluation functions;

e) Ensure that action is taken on all matters relevant to EAAC's terms of reference;

f) Ensure that EAAC terms of reference are relevant, and propose modifications to the Committee for updating the terms of reference where considered necessary; and

g) Ensure the preparation of an Annual Report of EAAC to the Council, as described at paragraph 8 of these terms of reference.

2.6 In order to carry out these responsibilities effectively, the Chair of EAAC has direct access for meeting with the President of the Council, Council members, Secretary General, the Chief Finance Branch, the Chief ~~EAO~~Office of Internal Oversight, the Ethics Officer, the ~~Chief Investigator~~ investigation functions, and the External Auditor on an as required basis, and outside of the Committee meetings.

2.7 The EAAC members shall not receive remuneration from ICAO for their services.

3. MEETINGS

3.1 Members of EAAC shall meet as often as deemed necessary by the members. ~~In order to increase efficiency, the work of EAAC should be conducted as far as possible through electronic correspondence or telephone conferences.~~

3.2 Meetings of EAAC shall be conducted in private. In consultation with members, the Chair of EAAC may request Secretariat staff or invite Council representatives to attend for specific agenda items.

3.3 In consultation with members, the Chair shall, as necessary, ask the External Auditor and/or his/her representative to attend EAAC meetings to discuss audit plans, findings and reports and any other matters of mutual concern.

3.4 Both the Chief ~~of the Evaluation and Internal Audit Office (EAO)~~OIO, the Ethics Officer, the ~~Chief Investigator~~ investigation functions, and the External Auditor shall have free access to communicate with members of EAAC in order to raise any concerns that they may have.

4. QUALIFICATIONS AND SKILLS

4.1 All EAAC members should have expertise and operational experience in one or more of the following areas: audit, evaluation, risk management, information and communication technology, ethics, and finance. In addition, EAAC members should collectively possess relevant knowledge, skills or experience in the following areas:

a) accounting and financial reporting;

b) oversight and accountability structures relevant to ICAO and the United Nations system;

c) management experience in organizations of similar type and size to ICAO;

d) knowledge of technical or specialist activities relating to ICAO’s mandate and business.

4.2 ~~In addition, it is desirable that all members of EAAC have, or~~ ICAO will ensure and support all EAAC members to acquire as soon as possible after appointment, knowledge and understanding of:

a) ICAO's objectives and significant issues currently affecting the Organization;

b) ICAO's organizational structure, including the relationship between the Secretariat, Council and Assembly;

c) the Organization's culture;

d) relevant regulations and rules governing the Organization; and

e) awareness of significant current developments and initiatives in the UN system, particularly as they relate to governance.

5. RESPONSIBILITIES AND DUTIES

5.1 The main responsibility of EAAC is to consider the planned activities and results of both the internal audit and evaluation functions, the ethics office, and the external audit function; and to review how management have responded to, and implemented recommendations arising from this work.

5.2 In particular, the duties of EAAC shall include consideration of, and advice to the Council on:

a) the proposed annual work programmes of ~~EAO~~OIO and of the External Auditor;

b) the ~~proposed appointment, fees, terms and budgets of the External Auditor~~process of the appointment of the external auditor;

c) the efficiency and effectiveness of ~~EAO~~OIO and the External Auditor;

d) internal and external audit reports, the audited financial statements, risk assessments and other internal control reports;

e) evaluation reports and implementation of evaluation recommendations;

f) coordination of planning and coverage of topics between internal, external audit and evaluation;

g) the timeliness and adequacy of management's response to, and actions taken to implement, recommendations made by ~~EAO~~OIO, the External Auditor, and (where applicable) the UN Joint Inspection Unit (JIU);

h) whether processes for assessing and managing risk within the Organization are adequate and operating effectively;

i) the adequacy and effectiveness of the Organization's internal control environment, including anti-fraud and anti-corruption arrangements, and any significant weaknesses in internal control mechanisms;

j) the Framework on Ethics and other ethics-related policies, including financial disclosure, whistleblower protection and fraud policies;

k) the ~~EAO~~OIO charter;

l) the appointment, performance and dismissal of the Chief ~~EAO~~OIO, the Ethics Officer and the ~~Chief Investigator~~ investigations function;

m) the staffing and resources of ~~EAO~~OIO and its adequacy with the risk based internal audit plan;

n) the collaboration and cooperation between internal and external auditors; and

o) any other issue within EAAC's mandate that can be ~~assigned~~ referred to it by the Council of ICAO.

5.3 Committee members will be indemnified from actions taken against them as a result of activities performed in the course of exercising their responsibilities as members of the Committee, as long as such activities are performed in good faith and with due diligence.

6. CONFIDENTIALITY AND OBJECTIVITY

6.1 EAAC members shall serve in a personal capacity and undertake their duties in an objective, unbiased and confidential manner.

6.2 All documents of a restricted and confidential nature which are provided to EAAC members (including copies of internal audit reports), shall not be circulated outside of EAAC.

6.3 EAAC members shall reconfirm at each meeting that they have no financial or other conflicts of interests. ~~complete ICAO's financial and conflicts of interest declaration form on an annual basis.~~

7. ADMINISTRATIVE SUPPORT

7.1 The ICAO Secretariat, in consultation with the EAAC, shall designate a Secretary to the EAAC who shall provide logistical and technical assistance to the Committee. Such assistance entails preparing for and attending the sessions of the Committee, recording minutes and actions arising, and assisting with preparing draft reports or any other correspondence required to support its responsibilities to the Council. Such assistance will also entail ensuring research and background position papers in preparation for the sessions of the Committee are compiled, as may be requested by the Committee, to inform of developments relevant to its mandate and that any requests are brought to the attention of the EAAC.

7.2 The effectiveness of these arrangements shall be considered annually by the Chair of EAAC in consultation with EAAC Members, with any recommendations reported in its Annual Report.

~~Secretariat services to EAAC shall be provided by EAO.~~

8. REPORTING

8.1 The Chair of EAAC, during the last session of the calendar year, shall submit an annual report on the work of EAAC and its recommendations to Council and the work plan for the following year. This report shall:

a) summarize the work and activities of EAAC during the year;

b) document any concerns or recommendations relating to the independence and performance of the internal or external audit, evaluation, and ethics functions;

c) express an opinion on the ~~EAO~~OIO annual statement of independence; and

d) document any significant concerns or recommendations EAAC members may have in relation to the Organization's risk management, controls, ethics framework and policies, and accountability processes.

8.2 EAAC may submit supplementary reports or recommendations to the Council in the intervening period.

8.3 Following best practices for transparency, the Terms of Reference and the annual report of EAAC shall be posted on the Council website.

9. PERIODIC REVIEW

9.1 The members of EAAC shall review the Terms of Reference of the Committee on a periodic basis to ensure that it continues to reflect best professional practice, remains relevant to the operating context of the Organization, and continues to meet the needs of the Council. Any proposed amendments to the Terms of Reference shall be submitted to the Council for approval.

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