International Civil Aviation Organization

WORKING PAPER

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2012 REPORT ON THE ACTIVITIES OF THE EVALUATION AND INTERNAL AUDIT OFFICE (EAO)

(Presented by the Secretary General)

EXECUTIVE SUMMARY

In compliance with Assembly Resolution A31-2 Resolving Clause 4 c) and C-DEC 149/12, and in accordance with the Charter of the Evaluation and Internal Audit Office (EAO), the Secretary General transmits herewith to the Council the Report on activities undertaken by EAO in 2012, together with the comments of the Secretary General on audit and evaluation reports completed during the year.

The Appendix to the Report gives the status of implementation of recommendations made in previous EAO reports.

Strategic Objectives:	This working paper relates to Supporting Implementation Strategy – Management and Administration – Evaluation and Internal Audit.
Financial implications:	Not applicable.
References:	C-DEC 149/12 Doc 9958, *Assembly Resolutions in Force* (as of 8 October 2010) A31-2 & A32-1 C-WP/13771

1. INTRODUCTION

1.1 The role of the Evaluation and Internal Audit Office (EAO) is twofold.

1.2 In accordance with its Charter, EAO is responsible for undertaking internal audits, evaluations, and investigations, and for reporting, as appropriate, the results thereon to the Secretary General and the Council. These core activities also include providing support to the Evaluation and Audit Advisory Committee (EAAC), and advisory services to the Secretariat.

1.3 In addition, EAO is also responsible for other administrative activities which do not form part of its core activities, but have been allocated to the office for practical reasons. These activities include acting as the focal point between the Secretariat and the Joint Inspection Unit (JIU), and between the Secretariat and the External Auditor. These non-core activities require significant input from EAO staff on an on-going basis and, because of the need to comply with strict deadlines, paradoxically often have to take priority over core activities.

1.4 This report outlines the activities undertaken by EAO during 2012 as well as the comments of the Secretary General on internal audit reports completed during the year. The Appendix shows the status of implementation of recommendations made in previous internal audits and evaluations. The status of implementation of recommendations is as of the end of December 2012.

2. RESOURCES

2.1 During 2012 there were three professionals in EAO (Chief EAO, one internal audit officer and one evaluation officer). Although an additional internal audit post was approved in the budget from 1 January 2012, this was filled by an existing EAO officer on promotion and the person selected to fill the vacancy created as a consequence will not join ICAO until 1 February 2013.

2.2 During 2012, in recognition of the fact that EAO is required to spend a significant amount of time on non-core activities (para. 1.3 above), the Secretary General allocated resources from savings in other areas to finance an additional professional post. It was decided that this would be an Evaluation Officer and the post was filled at the end of October 2012.

2.3 Therefore, although EAO is in a better position to be able to increase its outputs on core activities in 2013, because of the fact that resources in 2012 were substantially at the same level as in previous years on the one hand, and because of special requests addressed to EAO on the other hand, the planned work programme could not be fully completed.

3. CORE ACTIVITIES

3.1 The 2012 work programme (C-WP/13771) included the following planned internal audits and evaluations:

a) an audit of the financial procedures, internal controls and business processes in the Paris Regional Office;

b) an audit of ICAO’s internal staff development and training activities;

c) an audit of IT strategic planning and Project Management Framework;

d) an audit of the efficiency and effectiveness of travel management and administration;

e) an audit of capital expenditure, fixed assets and equipment inventories;

f) an evaluation of Results Based Management; and

g) an evaluation of TCB regional projects (COSCAP).

3.2 In 2012, only three audits were completed: an audit of IT availability and continuity (the draft report was issued in November 2011 and reported last year, but was finalized in 2012); an audit of TCB consultants (carried forward from the 2011 work programme); and an audit of the financial procedures, internal controls and business processes in the Paris Regional Office. Two other audits (IT strategic planning and travel management and administration) have been substantially completed, but the draft reports have not yet been issued. The audit of ICAO's internal staff development and training activities was carried forward to the 2013 work programme. The audit of capital expenditure, fixed assets and equipment inventories will be carried out in February 2013.

3.3 The evaluation of Results Based Management is currently underway and should be completed soon. Work was also carried out in 2012 on the evaluation of TCB COSCAP projects, however this evaluation was terminated mid-year due to the impossibility of completing it cost-effectively as originally scoped. This decision was supported by the EAAC and the External Auditor (when EAO was audited in October 2012).

3.4 Under the new ICAO Framework on Ethics which became effective on 1 January 2012, EAO is responsible for investigating any cases of misconduct of a financial nature referred to Chief EAO by the Ethics Officer, after approval by the Secretary General. Since investigations cannot by their nature be predicted in advance, it was not possible to plan how many investigations would be carried out in 2012 and how much of EAO's resources would need to be devoted to this. In the event, EAO was requested to carry out two internal investigations, both of which were carried out by EAO staff. The nature of the investigations and reports themselves are necessarily confidential.

3.5 Two additional requests were also addressed to EAO: one grant certification for the European Union (completed), and one evaluation of COSCAP South Asia (planning and coordination started in October).

4. EAO REPORTS

4.1 Audit of TCB consultants

4.1.1 This audit examined, on a sample basis, consultants recruited and employed by TCB on a Special Service Agreement in 2011. The objective of the audit was to ascertain whether established policies, rules and procedures had been correctly followed and to assess whether any improvements in administrative procedures might be made.

4.1.2 No significant weaknesses were found, however the audit identified some areas where improvements could be made to further strengthen internal controls and administrative processes. Key recommendations included the need to:

- draft a single, comprehensive policies and procedures manual covering the work of the Field Personnel Section (FPS);
- align policies relating to the recruitment of consultants for TCB projects with the *Policy on Contracts of Individual Consultants/Contractors* produced by ADB for consultants recruited for the regular programme and at ICAO headquarters;
- identify and acquire the IT tools necessary to facilitate the work of FPS, in particular in relation to the management of a computerised roster of experts.

Comments of the Secretary General

4.1.3 The findings in this report have been accepted and actions are being taken to implement the various recommendations. In particular, action has been taken to develop an improved electronic filing system to record the recruitment steps carried out by FPS, and the documentation of recruitment policies and procedures is being addressed as part of the implementation of ISO 9001:2008 in FPS.

4.2 **Audit of the Paris Regional Office**

4.2.1 The objective of this audit was to review the implementation of the new accounting system (Agresso) and related financial procedures, internal controls and business processes at the Paris Regional Office in order to assess whether they were operating effectively and efficiently.

4.2.2 Key findings and recommendations from the report included the need to:

- carry out a post-implementation review (with the assistance of the IRIS team at headquarters) of the financial and administrative procedures relating to Agresso in order to eliminate inefficiencies and to address some aspects of the system which do not fully meet the Regional Office's needs;
- provide additional training to Regional Office staff in the use of Agresso, and to clarify staff roles and responsibilities for carrying out related finance and administrative tasks;
- address outstanding issues relating to the recording of existing contracts within Agresso; and
- provide additional guidance and training on the procedures for local procurement and inventory management.

Comments of the Secretary General

4.2.3 The findings in this report have been accepted and a Management Action Plan has been prepared to address the various recommendations. Various offices and sections at headquarters (Procurement, Finance, the IRIS team and Conference and Office Services) are collaborating to fully implement the required actions. In addition specific funds will need to be identified to carry out the recommended post implementation review of Agresso as well as the necessary training.

5. **NON-CORE ACTIVITIES**

5.1 **Liaison with the Joint Inspection Unit**

5.1.1 As the focal point for liaising with the Joint Inspection Unit of the United Nations (JIU), EAO continues to coordinate the necessary inputs to JIU reviews and to disseminate JIU reports and recommendations within the Organization. In 2012, EAO coordinated ICAO's input to 19 JIU reviews at various stages of completion and participated in a trial group to evaluate an online database being developed by the JIU to track the implementation of its recommendations. In addition, working papers were presented to the Council summarizing the recommendations and Secretariat Action Plans relating to the following JIU reports:

- The Audit Function in the UN System (C-WP/13815);
- Policies and Procedures for the Administration of Trust Funds in the UN System Organizations (C-WP/13821);
- Inter-Agency Staff Mobility and Work/Life Balance in the Organizations of the UN System (C-WP/13822);
- South-South and Triangular Cooperation in the UN System (C-WP/13868);

- Review of the Medical Service in the UN System (C-WP/13912);
- Information and Communication Technology (ICT) Governance in the UN System Organizations (C-WP/13913);
- Multilingualism in the UN System Organizations: Status of Implementation (C-WP/13914); and
- The Investigation Function in the UN System (C-WP/13915).

5.1.2 EAO also presented working papers to the Council on the Status of Implementation of Recommendations of the JIU (C-WP/13910) and the Annual Report of the JIU for 2011 and programme of work for 2012 (C-WP/13911).

5.2 **Liaison with the External Auditor**

5.2.1 EAO acts as the focal point for liaising with the External Auditor. EAO is responsible for providing logistical support to the external audit teams; for coordinating the preparation of Secretariat Action Plans to implement the External Auditor's recommendations; and for tracking and following up on the status of outstanding recommendations with the managers responsible for implementing them.

6. STATUS OF IMPLEMENTATION OF EAO'S RECOMMENDATIONS

6.1 The status of implementation of EAO's recommendations made during 2012 and prior years is summarized in the table shown in the Appendix. Those reports where the recommendations were implemented in full in previous years are not shown again. EAO monitors the implementation of the recommendations on the basis of management responses. Therefore the actual status of some of the recommendations cannot be verified until a follow-up audit is undertaken. Where appropriate, follow-up audits are undertaken as resources permit. It should be noted that some recommendations are considerable in scope and may take a number of years to implement in full.

6.2 As shown in the attached table, there were a total of 39 internal audit and evaluation recommendations under implementation as at 31 December 2012. This compares with 65 as at 31 December 2011. The relative age of outstanding recommendations has improved from the previous year. As at 31 December 2012, only 4 of the 39 outstanding recommendations were older than two years, compared with 16 of the total 65 outstanding recommendations as at 31 December 2011.

6.3 Beginning in 2012, Chief EAO has instituted quarterly meetings with bureau directors to review on an on-going basis, the status of all EAO and external audit recommendations, and to discuss progress in implementing the agreed Secretariat Action Plans. These meetings have led to greater attention by the bureaus in addressing audit recommendations.

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APPENDIX

STATUS OF IMPLEMENTATION OF RECOMMENDATIONS MADE IN INTERNAL AUDIT REPORTS

Report finalised MM/YY	Title	Total no. of recommendations	Implemented prior to 31/12/11	Implemented/ closed in 2012	Under implementation at 31/12/12	Extent of completion at 31/12/12	Number of outstanding recommendations over 2 years old
10/12	Audit of the Paris Regional Office	18	N/A[1]	8	10	44%	N/A
05/12	Audit of TCB Consultants	10	N/A[1]	3	7	30%	N/A
12/11	Audit of IT Security, Availability and Continuity	11	-	4	7	36%	N/A
12/11	Audit of Translation Services	22	-	16	6	73%	N/A
4/11	Audit of TCB projects in Somalia	23	12	7	4	83%	N/A
12/10	Audit of Interpretation Services	5	3	-	2	60%	2
12/10	Audit of Agresso Phase 1	20	19	1	- completed	100%	-
06/09	Report on the Ancillary Revenue Generation Fund (ARGF)	16	13	3	- completed	100%	-
02/09	Report on the audit of Staff Contracts	31	25	5	1	97%	1
04/08	Report on the audit of Cell Phones	7	6	1	- completed	100%	-
01/08	Report on the Audit of the Conference and Other Facilities Fund	15	13	2	- completed	100%	-

[1] Report finalised in 2012

Report finalised MM/YY	Title	Total no. of recommendations	Implemented prior to 31/12/11	Implemented/ closed in 2012	Under implementation at 31/12/12	Extent of completion at 31/12/12	Number of outstanding recommendations over 2 years old
06/07	Report on the audit of Publications Sales and Marketing Activities	33	32	1	- completed	100%	-
05/06	TCB – Follow up of External Auditor's Recommendations	12	10	2	- completed	100%	-
02/06	Report on the Procurement of Radars	5	4	1	- completed	100%	-
		228	**137**	**54**	**37**	**84%**	**3**

STATUS OF IMPLEMENTATION OF RECOMMENDATIONS MADE IN EVALUATION REPORTS

Report finalised MM/YY	Title	Total no. of recommendations	Implemented prior to 31/12/11	Implemented/ closed in 2012	Under implementation at 31/12/12	Extent of completion at 31/12/12	Number of outstanding recommendations over 2 years old
6/11	Evaluation of Mission Travel	3	1	1	1	67%	N/A
12/10	Evaluation of USOAP	9	8	-	1	89%	1
		12	**9**	**1**	**2**	**83%**	**1**

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