



International Civil Aviation Organization

WORKING PAPER

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COUNCIL — 219TH SESSION

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

**ANNUAL REPORT OF THE CHIEF OF
THE EVALUATION AND INTERNAL AUDIT OFFICE (EAO)**

(Presented by the Secretary General)

EXECUTIVE SUMMARY

As per paragraph 18 of the EAO Charter, Chief, EAO, shall submit an annual report to the Secretary General who shall transmit it to the ICAO Council with his/her comments during the first Session of the Council meeting in each calendar year.

This Report provides a summary of EAO's assurance, advisory and other oversight services in 2019. EAO issued seven reports (five audits and two evaluations) in 2019. Audit and evaluation reports yielded positive feedback from the Secretariat and the Council Members.

In order to further improve its overall functioning and performance and provide assurance to its internal and external stakeholders, EAO has undergone an External Quality Assessment of its internal audit function and a Peer Review of its evaluation function. Both independent external assessments, which were organized for the first time since the inception of EAO, confirmed that the conduct of internal audits and evaluations are in line with the International Professional Practice of Internal Auditing and UN Evaluation Norms and Standards, respectively.

The Secretary General transmits herewith to the Council the Annual Report of the Chief, EAO.

<i>Strategic Objectives:</i>	This working paper relates to Supporting Implementation Strategies.
<i>Financial implications:</i>	N/A
<i>References:</i>	C-WP/14990

¹ Appendix A revised to indicate status update as at 31/12/2019.

1. BACKGROUND

1.1 The mission of EAO is to assist the Secretary General to ensure that ICAO is managed effectively, efficiently and economically, and in conformity with the applicable regulations and rules. This is done through the systematic evaluation and internal audit of ICAO's programmes, systems and activities, with a view to enhancing and protecting organizational value by providing risk-based and objective assurance, advice and insight.²

2. PROFESSIONAL STANDARDS

2.1 For its audits, EAO follows the International Professional Practices Framework promulgated by the Institute of Internal Auditors (IIA). Similarly, for evaluations, EAO follows the Norms and Standards for Evaluation in the UN System issued by the United Nations Evaluation Group (UNEG).

3. INDEPENDENCE OF EAO

3.1 EAO's Charter³ requires the Chief, EAO, to confirm to the ICAO Council, at least annually, the independence of the internal audit/evaluation activities.

3.2 During the reporting period, no instance/activity occurred that could be considered as jeopardizing the operational and functional independence of EAO. The scope of oversight activities was decided by EAO based on specific objective criteria including advice and feedback received from the Council members, Senior Management, and EAAC.

4. STATUS OF OVERSIGHT ASSIGNMENTS

4.1 The table below illustrates the status of implementation of the EAO work programme for 2019 (C-WP/14816):

Assignment Title	Status
Audit of Recruitment of ICAO Staff (IA/2019/1)*	Final report issued
Audit of IT Governance at ICAO (IA/2019/2)*	Final report issued
Audit of Revenue Generating Activities (IA/2019/3)*	Final report issued
Audit of Outsourced IT Services (IA/2019/4)	Final report issued
Continuous Audit on the Use of Direct Purchase Orders (CA/2019/1)	Final report issued
Evaluation of GANP and GASP (EV/2018/02)*	Final report issued
Evaluation of Secretariat Support to the Council (EV/2019/1)	Final report issued
Audit of Travel Management	Draft report issued
Audit of Business Continuity Management	Management Action Plan
Audit of Safety and Security Management	Draft report issued
Evaluation of Results-based Management (RBM)	Draft report being prepared
Audit of TCB Project Management	Fieldwork in progress
Audit of the Reclassification Process	Deferred to 2020

*Carried over from 2018

² Paragraph 4 of the EAO Charter

³ Paragraph 27 of the EAO Charter

5. KEY RISKS/CHALLENGES AND CONTROL ISSUES

5.1 Paragraph 18(i) of the EAO Charter stipulates that the Annual Report of the Chief, EAO should include significant risk exposures and control issues, fraud risks, governance issues, and other matters. A meta-analysis of findings included in EAO reports since 2017, combined with the annual risk assessments performed by EAO for annual work planning purposes, indicated the following key risks, major challenges and organizational issues faced by ICAO⁴:

- a) **Cybersecurity**: Following the serious cyber-attacks targeting ICAO and serious logical security weaknesses which exposed ICAO to huge financial, operational and reputational risks, cybersecurity remains as a top risk for the Organization. This requires continued, concerted effort by all ICAO Bureaus and ICT to further enhance not only the technical infrastructure but also enhance awareness among ICAO staff on cybersecurity issues.
- b) **Financial Management and Sustainability**: Scarcity of financial resources coupled with budgetary constraints and efficiency issues pose a constant risk for the Organization in achieving expected outcomes and limiting its capability to effectively assist the Member States and embark on new activities.
- c) **Enterprise Risk Management (ERM)**: Establishing an organization-wide ERM is in initial stages at ICAO. A full implementation will require active involvement from Senior Management, appropriate allocation of financial and human resources and a realistic timeline to successfully complete this crucial initiative, which is also closely linked to an accountability framework and results-based management.
- d) **Organizational Resilience Management**: This requires robust Business Continuity Management and Disaster Recovery procedures. Currently, due to lack of an appropriate level of preparedness and a lack of maturity of these mechanisms and procedures, ICAO is exposed to serious risks in case of business interruptions.
- e) **Third-Party Risk Management**: Heavy reliance on short-term consultants, whose number has been exponentially growing over the past few years and some of whom have been assigned sensitive core functions is a key risk facing ICAO. This, coupled with lack of proper vetting of consultants and increasing number of outsourcing of IT services to third-party service providers, necessitates ICAO to effectively identify and manage third-party related risks as a matter of priority and in a strategic manner.
- f) **Talent Management/Succession Planning**: ICAO is facing challenges in attracting, retaining and developing talent and ensuring smooth succession of key positions. Acquiring new talent and maintaining institutional memory are of paramount importance for ICAO to achieve its mandate and effectively serve its Member States in a constantly changing global environment.
- g) **Data Protection and Management**: Weak data protection and data management procedures remain a key challenge for ICAO, which increases the risks relating to data breaches, lack of confidentiality, integrity and availability of data. Inability to utilize modern IT tools that would enable productivity and efficiency gains also remain a key challenge for ICAO which mainly functions in a paper-based environment.
- h) **Accountability Framework**: ICAO does not have a fully developed organization-wide accountability framework linked to results, but does have some components in place to make staff and Bureaus accountable for the delivery of outputs (e.g., the PACE system, annual reporting by Bureaus, etc.). Demonstrating the contribution of the outputs and the work of the Organization to

⁴ The cited risks and challenges are not meant to be providing an exhaustive list.

the achievement of outcome-level results needs to be significantly enhanced, which is also a key requirement of a well-established results-based management system.

- i) **Organizational Culture**: Lack of a robust and stable Ethics Framework coupled with a lack of policy and procedures and inconsistent implementation of existing procedures could be cited among those factors that hampered ICAO's efforts to enhance its control environment, but also damaged the Organization's reputation and deteriorated the working environment.
- j) **Timely Implementation of Oversight Recommendations**: Despite the good efforts of the Secretary General, ICAO still faces challenges to implement oversight recommendations in a timely manner to bring about the expected improvements/enhancements to its systems, procedures and processes.

6. SUMMARY OF KEY POINTS FROM EAO REPORTS ISSUED IN 2019

6.1 Audit of Recruitment of Staff at ICAO (IA/2019/1)

Overall audit opinion	: Major improvement needed
No. of recommendations	: 11
Implementation status	: 1 implemented, 10 outstanding

6.1.1 The current recruitment process in ICAO is largely manual and labour-intensive; management information and reports cannot be produced automatically; and documentation is contained in e-mails and on the Recruitment, Classification and Post Management (RCP) Section's shared drive, making it difficult to find relevant documents and giving rise to potential confidentiality concerns. Though ICAO had planned to implement an e-recruitment system in March 2011, only a pilot implementation, limited to general services vacancies, had been rolled out.

6.1.2 A significant issue highlighted by the audit was the length of time taken to complete the recruitment process. While on average, the relevant targets were met for the recruitment of general service and director level staff, there were significant delays in the recruitment of professional staff.

6.1.3 Outreach activities need to be carried out, particularly for technical posts, to reduce cases where vacancies have to be re-advertised due to an insufficient pool of qualified candidates and to attract more female candidates and candidates from unrepresented or under-represented countries. In addition, written guidance should be developed to clarify the roles and responsibilities of hiring managers, HR focal points, and others involved in the recruitment process. It is also important that a representative from HR sits on every recruitment panel to ensure impartiality, adherence to proper procedures, and equitable treatment of all candidates.

6.2 Audit of IT Governance at ICAO (IA/2019/2)

Overall audit opinion	: Major improvement needed
No. of recommendations	: 5
Implementation status	: All 5 outstanding

6.2.1 The current ICT organization is centralized, which supports not only enterprise applications, but also applications which are developed/customized for Bureaus. With the current centralized model, the business knowledge which exists within the Bureaus is absent in current ICT team structures and ICT is not able to support and fulfil their business needs. The current project request and initiation processes are informal and lack governance to ensure successful and timely completion of the projects.

6.2.2 ICT is generally not discussed during the SMG and FSMG meetings unless otherwise requested by the Secretary General or other Senior Managers. The strategic business and ICT projects are discussed in the Information Management Committee (IMC) meetings twice a year. There is currently no enterprise-wide Project Management Office (PMO) at ICAO. To facilitate adequate and effective communication between the Bureaus and ICT, IMC should continue to be the platform to discuss strategic business and ICT projects, whereas the Project Management Group (PMG) should become the main committee to review the status of key projects. It would also be preferable for SMG to have ICT updates as a standard agenda item and to consider an enterprise-wide PMO.

6.3 **Audit of Revenue Generating Activities (IA/2019/3)**

Overall audit opinion	: Major improvement needed
No. of recommendations	: 8
Implementation status	: All 8 outstanding

6.3.1 There are significant risks to the sustainability of ARGF revenues, in particular from printed publications, and as a result of the strength of the US dollar against the Canadian dollar. A further risk to the Secretariat is the reliance on a few, relatively fixed income activities, to satisfy an increasing dependency and requirement for revenue generating activities to fill the funding gap in the regular programme budget. Given this, EAO has recommended that the Secretariat develop a medium to long term strategic roadmap to clearly define the longer term vision and strategy for revenue generating activities.

6.3.2 There is also a need to identify significant new sources of revenue and to critically review costs to see whether savings can be achieved. Improvements in project management are required since some projects in the last few years did not have a dedicated project manager, with clearly defined responsibility and accountability for delivery. Furthermore, there is a need for better tracking and monitoring of approved projects, and periodic assessments of actual achievements against the original business case. EAO has also recommended that financial reporting of ARGF activities be improved in order to increase transparency and accountability. In particular, the Secretariat should enhance its annual reports to the Council by reporting not only on the financial performance of the ARGF but also on performance against the operating plan and KPIs, and the use of the ARGF surplus.

6.4 **Audit of Outsourced IT Services (IA/2019/4)**

Overall audit opinion	: Major improvement needed
No. of recommendations	: 9
Implementation status	: 1 implemented, 8 outstanding

6.4.1 IT Outsourcing is directly related to the ability of ICAO to deliver IT services to its key stakeholders in an efficient and effective manner, while managing the related risks. The current IT outsourcing process is informal and lacks strategic direction and planning.

6.4.2 Since 2017, the total Enterprise Technology and Services (ETS) expenditure on IT outsourcing has increased exponentially (by 38% in 2017 and 49% in 2018). During the same period, the consultancy expenditure has also increased (by 20% in 2017 and 61% in 2018). This increase is even more significant given that the regular ICT budget has primarily stayed the same and that the majority of the additional funding for IT outsourcing and consulting has come from the Efficiency Fund and the Ancillary Revenue Generation Fund (ARGF). This year-on-year growth is unsustainable and there appears to be no plans to address this increase in expenditure.

6.4.3 There is no basis as to why the number of consultants has increased significantly over the last two years, whereas the vacant posts are not being filled. In addition, there is no evidence that a cost-

benefit analysis has been performed for tasks currently performed by consultants to assess if it is feasible to outsource them. Furthermore, ICT consultants have access to highly sensitive information and are assigned to critical positions with no succession plans in place. The process of hiring consultants does not involve any background or criminal checks, which puts ICAO's information at risk and increases the possibility of data breach incidents. ICT appears to hire consultants "as employees" and does not measure each consultant's time spent on each project. There are no statistics available to assist in planning the reduction of consultant expenditure if certain projects are cancelled or postponed.

6.5 Continuous Audit on the Use of Direct Purchase Orders (CA/2019/1)

Overall audit opinion	: N/A
No. of recommendations	: 2
Implementation status	: All 2 outstanding

6.5.1 The audit was carried out to assess whether the procurement process for hiring short-term consultants (under CAD \$ 10,000) was in compliance with the existing policy and procedures. Different Bureaus hired short-term consultants using the "Direct Purchase Order" (DPO) method, which is meant to be used for procurement of goods and services only.

6.5.2 Between January 2017 and August 2019, 544 DPOs amounting to CAN \$ 2.60 million were issued by different units (Global Aviation Training (GAT): 195, Languages and Publications (LP): 314, others: 35) to hire 123 consultants. These cases were not in accordance with the Administrative Instructions on hiring of consultants and were not processed through HR. As a result, these cases were not part of the overall statistics on hiring of consultants by ICAO. While the Secretary General granted exceptions to GAT and to LP to hire consultants using DPOs, other Bureaus/offices also issued a total of 35 DPOs for hiring consultants, which were not in compliance with the existing policy and procedures.

6.6 Evaluation of Secretariat Support to the Council (EV/2019/1)

Overall audit opinion	: N/A
No. of recommendations	: 5
Implementation status	: All 5 outstanding

6.6.1 Support provided by the Secretariat to the work of the Council, ANC and other subordinate bodies was found to be relevant. Overall, the administrative procedures and tools used by the Secretariat are effective in providing support to the deliberative bodies. However, the efficiency and effectiveness of the Secure Portal has been reduced because of the limitations of its search engine and the infrequent updating of its content. Overall, Secretariat support is of good quality, but does not always meet the expectations of the deliberative bodies, mainly due to gaps in the quality and timely distribution of some of the documents.

6.6.2 The combination of limited human resources and the need for time-bound delivery has adversely affected the Secretariat's capacity to respond to increasing requests for support and to maintain levels of efficiency and effectiveness when providing technical and administrative support to the Council, ANC and other subordinate bodies. EAO notes that there is no shared understanding between the Secretariat and the Council about the main challenges faced by the Secretariat in providing the required support. For the Secretariat, the main challenges are limited human and financial resources, high workload of Secretariat staff and short timelines of requests. Council members acknowledge the resource challenges but indicated bureaucracy, inadequate coordination, and lack of prioritization as the main challenges of the Secretariat.

6.6.3 Based on the findings and conclusions, the evaluation made four recommendations including a) improving the quality and timeliness of documents by developing and using a document quality

improvement tool, guides and trainings; b) restructuring and improving the Secure Portal to facilitate easier user-navigation; and c) conducting a capacity assessment of the Organization to deliver quality and timely support to meet the growing demand of the Governing Body in the medium to long term, to ensure sustainability, and address potential capacity gaps and constraints.

6.7 Evaluation of the Global Aviation Safety Plan (GASP) and Global Air Navigation Plan (GANP) - (EV/2018/02)

Overall audit opinion : N/A
No. of recommendations : 7
Implementation status : All 7 outstanding

6.7.1 ICAO strives to ensure the continued relevance of GASP and GANP through triennial revisions, which are found to be too frequent for such high level plans. Due to very limited training or awareness-raising provided on the Global Plans, many modules of ASBUs⁵ are difficult to be effectively understood and implemented by Member States. While GASP has made modest progress to achieve the 60% Effective Implementation (EI) target, the effectiveness of GANP is not clear, as there is no established mechanism to monitor its progress and follow up on its implementation.

6.7.2 ICAO has made useful contributions to the implementation of the Global Plans through the development of standards, guidance materials and tools, projects and technical assistance and training. However, these contributions are very limited compared to the demand for support, and the target ICAO has set in relation to achieving the Global Plans. Guidance to adequately link Member States' aviation plans with national development plans and Sustainable Development Goals (SDGs) is considered instrumental to increase visibility with national decision makers and donors on the needs of the aviation sector and improve opportunities for acquiring resources.

6.7.3 Based on the findings and conclusions, the evaluation made seven recommendations. The key recommendations include: a) Strengthening Regional Offices to adequately support Member States in GASP/GANP implementation; b) Developing and implementing a performance monitoring system with clear indicators, reporting arrangements and guidelines for both Plans; and c) Developing guidelines that will help Member States to integrate national aviation plans with the national development plans and through them, the SDGs.

7. STATUS OF IMPLEMENTATION OF OVERSIGHT RECOMMENDATIONS

7.1 The table below provides information on the issuance and implementation of oversight recommendations during 2019:

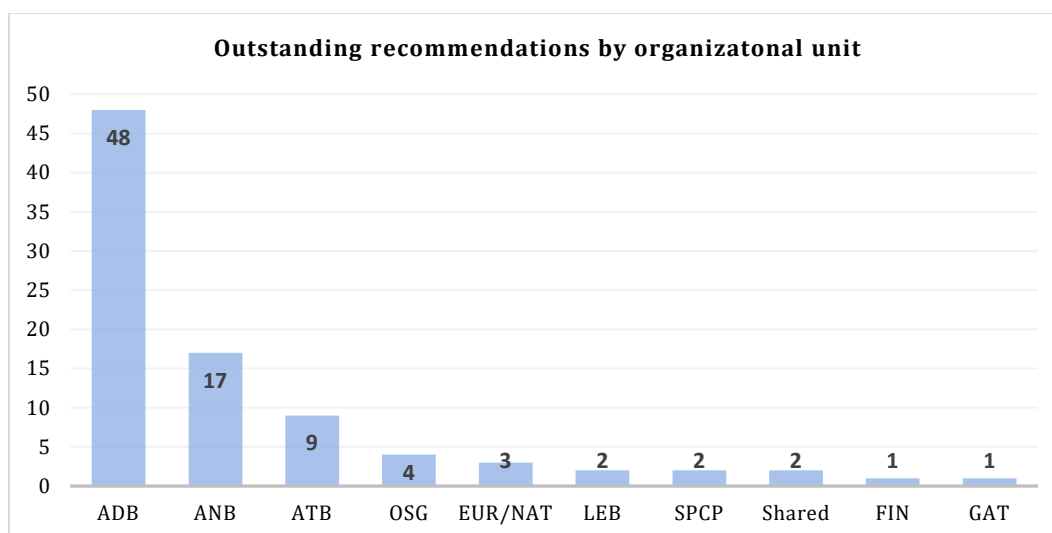
Source	Open as at 31/12/2018	Added during the year	Closed during the year	Open as at 31/12/2019
EAO	84	50	45	89
External Audit	19	11	9	21
JIU	18	31	24	25
Total	121	92	78	135

7.2 EAO continued to hold regular meetings with programme managers to help them implement open recommendations. Timely implementation of oversight recommendations helps ICAO to

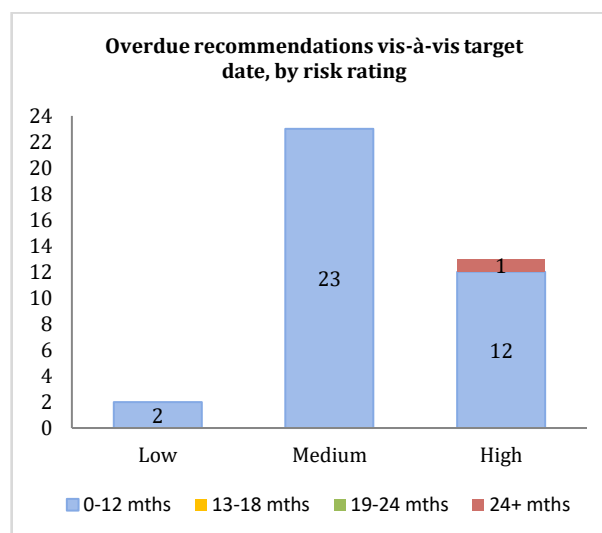
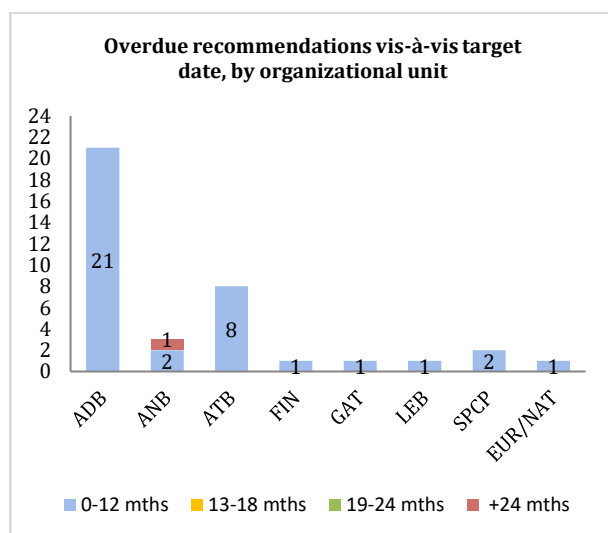
⁵ Aviation System Block Upgrade

improve its overall operational effectiveness and efficiency, and to enhance compliance with existing policies/procedures, as well as safeguarding the Organization's assets. EAO issues a monthly report on the implementation status of oversight recommendations to the Council, the Secretary General and the Evaluation and Audit Advisory Committee (EAAC).

7.3 The chart below illustrates the distribution by organizational unit of the 89 open EAO recommendations as at 31 December 2019:



7.4 Out of 89 outstanding recommendations as at 31 December 2019, 38 recommendations were overdue with respect to target dates for implementation. The charts below illustrate the distribution of 38 overdue recommendations by organizational unit⁶ and risk rating:



⁶ 16 out of 38 (42%) overdue recommendations relate to cybersecurity and other IT related recommendations.

8. CONSULTATIVE AND ADVISORY OVERSIGHT WORK

8.1 EAO continued to provide objective advice and guidance to improve the Organization's operations, systems and processes related to governance, risk management and internal controls⁷. The list of areas where advisory services were provided by EAO during 2019 is in Appendix B.

9. COOPERATION WITH EXTERNAL OVERSIGHT BODIES

9.1 Evaluation and Audit Advisory Committee (EAAC)

9.1.1 EAO presented the results of its oversight assignments to the EAAC in the presence of representatives from management, and discussed significant governance, risk management, internal control and programme management issues with the EAAC members. EAO appreciates very much the continued support and advice provided by the EAAC on EAO's work.

9.1.2 EAO provided secretariat services and logistical support to the EAAC to enable the Committee to function in an effective and efficient manner.

9.2 External Auditor

9.2.1 During the reporting period, EAO cooperated effectively with the External Auditor. As per usual practice, EAO shared its annual plan with the External Auditor for comments, and received feedback on its work plan and activities. EAO regularly interacted with the External Auditor on organizational matters including governance, risk management and control issues.

9.3 Joint Inspection Unit (JIU)

9.3.1 As the focal point for the Joint Inspection Unit of the United Nations (JIU), EAO coordinated ICAO's input to 25 JIU reports at various stages of completion. In 2019, EAO presented working papers to the Council summarizing the recommendations and Secretariat Action Plans for six JIU reports (see Appendix C).

9.3.2 EAO also presented working papers to the Council on the status of implementation of recommendations of the JIU (C-WP/14948) and the Report of the JIU for 2018 and programme of work for 2019 (C-WP/14936).

10. OTHER OVERSIGHT ACTIVITIES

10.1 External Quality Assessment (EQA) of EAO's Internal Audit Function

10.1.1 Following significant preparatory work that has been undertaken since 2017, EAO has successfully undergone its first independent External Quality Assessment (EQA) of the internal audit function and achieved the highest score of "Generally Conforms" to the International Standards and Professional Practices Framework (IPPF) of the Global Institute of Internal Auditors (IIA).

10.1.2 The French Chapter of the IIA carried out the EQA. A number of recommendations were made to further enhance the overall operational effectiveness and efficiency of the internal audit function including changes which will require a revision of the EAO Charter.

⁷ Paragraph 17 of the EAO Charter

10.2 Peer Review of the EAO's Evaluation Function

10.2.1 EAO has also successfully undergone its first Peer Review of the Evaluation Function in 2019 to assess whether EAO's evaluations adhere to basic evaluation principles and apply best practices in managing, conducting and using evaluations in line with the United Nations Evaluation Group (UNEG) Norms and Standards, which have been adopted by all the UN System Organizations. The Peer Review confirmed that the evaluation function meets the norms and standards of the UNEG. The key recommendations of the Peer Review focuses on the allocation of additional resources for decentralized evaluations, improving the coverage of evaluations and making evaluation reports publicly available.

10.2.2 EAO drafted Decentralized Evaluation Guidelines in 2019 for launching decentralized evaluations in ICAO. The guidelines were developed in consultation with Bureaus, Regional Offices and Senior Management and were approved by the Secretary General.

10.3 The Way Forward

10.3.1 Both the EQA and the Peer Review are achievements which provide assurance to the Secretary General and the Council that the methods, processes and systems used by EAO to conduct its internal audits and evaluations are aligned with internationally recognized Internal Audit Standards and professional practices as well as UNEG Norms and Standards.

10.3.2 EAO will prepare an action plan to implement the recommendations made in both reports and report on the implementation of the recommendations to the Secretary General, the EAAC and the Council in its annual report.

10.4 Networking with Other Oversight Functions

10.4.1 EAO's Charter includes specific provisions on liaising and cooperating with the internal oversight services of other organizations of the United Nations system and Multilateral Financial Institutions. EAO recognizes the value and importance of developing relationships with its peers. During 2019, EAO continued its active and useful collaboration and networking with other United Nations system organizations and entities.

10.4.2 In particular :

- With the participation of 50 International Organizations, EAO successfully organized the Annual Meetings of Representatives of Internal Audit Services of the UN system and multilateral financial institutions and other International Organizations (UN-RIAS and RIAS) from 26 to 29 August 2019;
- EAO participated in the Annual Meeting of the United Nations Evaluation Group (UNEG) in Nairobi, Kenya from 16 to 17 May 2019; and
- EAO also attended the Annual Meeting of UN Representatives of Investigative Services (UNRIS) and the Annual Conference of International Investigators (CII) from 4 to 8 November 2019 in Geneva, Switzerland.

10.5 EAO Retreat

10.5.1 EAO organized its annual retreat to discuss its overall performance, working methods and priorities for preparing its work plans for the year 2020 through 2022. EAO's risk assessment methodology considered the existing ICAO Corporate Risk Register, feedback received from the Representatives on the ICAO Council, the EAAC and the Secretary General and other senior staff.

10.6 Satisfaction Surveys

10.6.1 EAO continued to seek feedback from colleagues of audited/evaluated offices through client satisfaction surveys issued after each assignment to identify satisfaction rates and areas for improvement in the quality of its work and services provided. Based on an analysis of survey responses, EAO achieved an overall satisfaction rate of 87% during 2019.

10.6.2 Additionally, EAO has developed a follow-up client survey, which is sent one year after the completion of an audit or evaluation providing that at least 75% of the recommendations have been implemented in order to measure the impact of its oversight work. The consolidated results indicate that a satisfaction rate of 82% has been achieved. This positive result helps EAO to assess its performance and to strive to improve further the impact of its audit/evaluation reports where needed.

10.7 Update of Key Oversight Documents/Templates

10.7.1 EAO has continued to improve the form and substance of its key documents including but not limited to assignment planning documents, risk assessments and templates. Taking into consideration the results of the EQA and Peer Review, EAO will further review and update its key documents in 2020.

10.8 EAO Monthly Dashboard

10.8.1 The EAO monthly dashboard which provides useful succinct information on EAO staffing, budgets as well as the status of work and implementation of oversight recommendations was revamped in 2019. Monthly updates of the EAO dashboard are made available to the Secretary General and the EAAC. Copies are also posted on the Council website.

10.9 EAO Intranet/Internet Websites

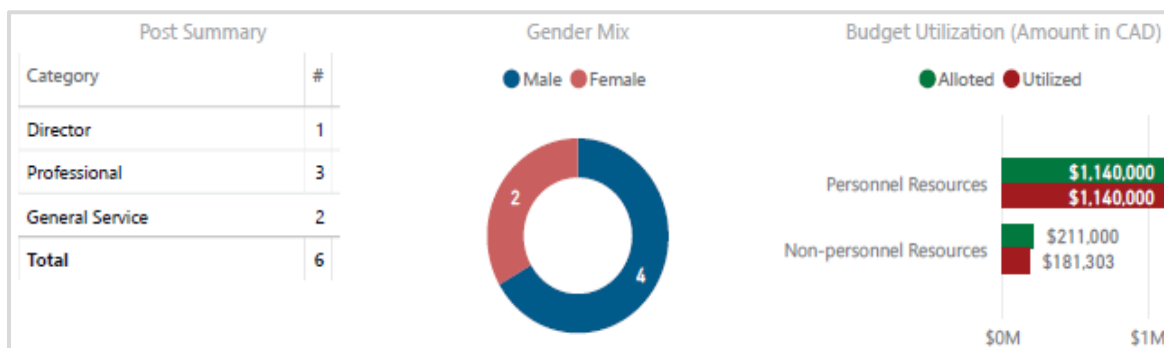
10.9.1 To provide up-to-date information on EAO's structure, reports and other activities, EAO has updated its intranet page and informed ICAO staff accordingly. The revision of EAO's internet page has started and will be completed in 2020.

11. OVERSIGHT RESOURCES

11.1 Budget and Staff

11.1.1 To discharge its mandate, EAO was provided with a triennial budget of CAD \$3.67 million, which represents 1.2 % of ICAO's budget for the 2017-2019 triennium.

11.1.2 The charts below illustrate EAO's budget utilization for 2019 as at 31 December 2019:



11.1.3 The recruitment of the Internal Audit Specialist was finalized in 2019 and the selected incumbent took up office in May 2019.

Savings achieved

11.1.4 It is worth noting that regarding its non-personnel budget, EAO achieved savings of CAD \$ 20,000 after the UNEG agreed to bear the total cost of the Peer Review exercise.

11.2 Training

11.2.1 During 2019, an in-house group training for all EAO staff on Performance Auditing was delivered with great success. EAO plans to use performance audit techniques in its internal audits and also in joint assignments to be undertaken by both internal audit and evaluation functions.

11.2.2 In addition, in line with individual staff development objectives as agreed in the PACE system, EAO staff attended various trainings to enhance their technical knowledge and skills and to perform their duties in a more efficient and effective manner.

APPENDIX A

Appendix A provides further information on the high importance recommendations issued by EAO in 2019.

HIGH PRIORITY RECOMMENDATIONS ISSUED IN 2019

Assignment Title	Recommendation No.	Recommendation	Target Date	Status as at 31/12/2019	Status update as at 31/12/2019
Audit of Recruitment of ICAO Staff	IA/2019/1 Rec 1	EAO recommends that HR: i. Develop an internal training course for hiring managers, members of recruitment panels, and APB II members on competency based interviewing techniques and on ICAO's recruitment policies and procedures. This training course should be offered on a periodic basis. ii. Expand the current guidance on recruitment timelines, to include more information for hiring managers on what is expected from them at each stage, and the documentation required, and to clarify the roles and responsibilities of all those involved in the recruitment process, including HR focal points.	31/12/2019	Overdue	In progress.
	IA/2019/1 Rec 2	EAO recommends that: i. Participation on recruitment panels should be considered mandatory and be given priority by all staff and senior managers. ii. Members of recruitment panels for posts up to P-5 level are proposed by the bureau/regional director, or chief of office at headquarters, and reviewed and approved by RCP. The panel should, wherever possible, be sufficiently representative in terms of gender and professional experience. Appropriate criteria on the composition of recruitment panels should be drafted by RCP. iii. Sufficient resources are provided to RCP to	31/12/2019	Overdue	i. and ii. The establishment of a criteria on the composition of recruitment panels as well as procedures for approving panels are part of the new administrative instruction on recruitment, which is currently under review and will be finalized in the 4 th quarter of 2019. iii. In progress.

Assignment Title	Recommendation No.	Recommendation	Target Date	Status as at 31/12/2019	Status update as at 31/12/2019
		ensure that a representative from HR participates in every recruitment panel. This issue should also form part of the HR Strategy currently being developed by ADB.			
	IA/2019/1 Rec 3	EAO recommends that RCP is allocated additional resources to enhance its capacity to support hiring managers. In particular, RCP should: i. Pre-screen the long list of applicants before sending it to the hiring manager in order to identify candidates who do not meet the minimum requirements. ii. Provide more substantive assistance to hiring managers, for example by compiling a repository of possible technical test questions for posts at the general service level, and contacting all candidates to inform them of the outcome of the recruitment process.	31/12/2020	Open	In progress.
	IA/2019/1 Rec 5	EAO recommends that: i. The roster of possible APB II members is expanded to include more members from each bureau, and at each grade from P-2 to D-1 level, whilst at the same time ensuring sufficient gender representation. ii. ADB establish a secure electronic mechanism for APB II members to record in one place a summary of the board's discussions, comments and conclusions.	31/12/2020	Open	i. EAO received the list of members nominated by the Administration. Waiting for the current list of members nominated by the Staff Association. ii. This item will be addressed as part of implementation of a new e-recruitment system such as UN-Inspira which is based on Oracle/PeopleSoft is used by the UN Secretariat.
	IA/2019/1 Rec 7	EAO recommends that: i. The "blue book" and other documents relating to the recruitment process for D1s and D2s is distributed electronically to HRC members/Council Representatives in order to reduce costs and damage to the environment; and	31/12/2020	Open	In progress.

Assignment Title	Recommendation No.	Recommendation	Target Date	Status as at 31/12/2019	Status update as at 31/12/2019
		ii. Appropriate steps are taken to ensure that confidentiality issues are fully addressed in the distribution and retention of this sensitive personal information.			
	IA/2019/1 Rec 8	EAO recommends that: i. RCP maintain separate statistics for all recruitment processes which are cancelled or re-advertised. The reasons for re-advertising should be documented and analysed, with the purpose of identifying actions which could be taken to mitigate the risk of similar situations occurring in future. ii. RCP monitor the time taken to complete each key step within the recruitment process. This requires the recording of completion dates for all of the steps in the process, as well as an analysis of where the bottlenecks are, and the reasons for these.	31/12/2020	Open	In progress.
	IA/2019/1 Rec 11	ADB, in close consultation with the main stakeholders, should: i. Evaluate whether to proceed with the completion of the current e-recruiter project, or explore alternative solutions. ii. Prepare a detailed and thorough business proposal, setting out the advantages and disadvantages of all options, and the costs involved, and submit the proposed solution to D/ADB and the Secretary General for their consideration and approval. iii. Identify and document lessons learned from the implementation of the current e-recruitment project in order to improve project management practices and better manage the associated risks in future.	31/08/2019	Overdue	i. and ii. EAO is waiting for confirmation on whether ADB is going ahead with implementation of Oracle and its expected timelines. iii. Implemented.
	IA/2019/2 Rec 1	1.1 ICT should develop a PID using PRINCE2 methodology for all new major project requests over	31/12/2020	Open	EAO is waiting for documentary evidence to show that the

Assignment Title	Recommendation No.	Recommendation	Target Date	Status as at 31/12/2019	Status update as at 31/12/2019
Audit of IT Governance at ICAO		a certain value or time. 1.2 When a new project request is received by ICT, ICT and the requesting party should complete certain activities prior to the start of the project by ICT (a new project is any project where ICT is requesting funding). These include: • ICT should assign a PM to work with the requesting party and complete the PID. • Besides the scope of the project, the PID should list out the resource requirements, timeline of the project, and the budget estimates. If the project is more than 6 months in duration, milestones should be identified for each quarter. • In addition, the PID should list the on-going maintenance and support costs for the remaining 3-year budget cycle. • The requesting party should secure budget funding and ICT should confirm the availability of resources to meet the PID timelines. • ICT should obtain authorization from Bureau or SMG (signature or other form of ICAO authorization) to proceed with the project. 1.3 If the appropriate funding is not approved, the matter should be brought up in front of IMC for resolution.			recommendation has been implemented.
	IA/2019/2 Rec 2	2.1 Each project initiated through a Project Initiation Document (PID) should have an ICT PM and a business liaison (Bureau lead). These two Project Leaders (PL) (most likely the same resources who were involved in the creation of PID) should work together to ensure that proper business and IT knowledge is available to complete the project on time, within budget and complete the scope of the project. 2.2 The two PLs should provide updates to their counterparts in ICT and the Bureau so that	31/12/2020	Open	The PMO is currently updating the documentation and processes in the Software Development Lifecycle Management and the Solution approach to implement the recommendation.

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		appropriate updates can be shared at the IMC meetings.			
	IA/2019/2 Rec 3	3.1 PMG should become the main group to review the status of key projects within ICAO. The status of the key projects should be led jointly by the PLs assigned by ICT and the Bureaus). The two PLs should also discuss any roadblocks such as budget issues, timeline issues or resource issues related to the project. 3.2 IMC should continue to be the platform for discussion of strategic business and ICT projects.	31/12/2020	Open	In progress.
Audit of Revenue Generating Activities	IA/2019/3 Rec 1	The Secretariat should develop a medium to long term strategic roadmap to clearly define the longer term vision and strategy for revenue generating activities; to address constantly changing business needs; to ensure sustainability; and to meet the increasing reliance on the ARGF to provide support to the regular programme.	31/12/2020	Open	In progress.
	IA/2019/3 Rec 2	The Finance Branch, together with RPM should review the way that ARGF financial operations and results are currently accounted for and reported in order to increase clarity and transparency. In particular, the review should include whether the ARGF is an appropriate means of accounting for revenues and expenditures relating to revenue generating activities.	30/06/2021	Open	In progress.
	IA/2019/3 Rec 3	RPM should strengthen management and oversight of projects relating to the development of ideas for new revenue generating products/activities. The Finance Branch should also provide responsible managers with regular financial reports on actual expenditures incurred.	30/06/2020	Open	In progress.
	IA/2019/3 Rec 4	In order to ensure transparency and comparability of results achieved across different years and funds, staff costs relating to posts budgeted under the ARGF, but which are purely regular programme posts, should be reported consistently year on year. EAO recommends that these staff costs are recorded in the regular programme, and that the annual contribution from the ARGF is increased by the	30/06/2021	Open	In progress.

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		corresponding amount in order to finance them.			
	IA/2019/3 Rec 6	EAO recommends that, for each project approved from ARGF reserves, a specified project manager is assigned with responsibility and accountability for implementation, and for providing periodic progress reports on implementation to the RGGG and the Council. The Finance Branch should provide these managers with regular financial reports on actual costs incurred.	30/06/2020	Open	In progress.
	IA/2019/3 Rec 7	1. RPM should enhance its annual reports to the Council by reporting not only on the financial performance of the ARGF (actual results compared to budget), but also on performance against the operating plan and KPIs previously submitted to the Council. In addition, more detailed information on the projects funded by the ARGF surplus should be provided. 2. RPM should develop more meaningful KPIs to measure and report on the performance of ARGF activities and ensure that in each case, the method of data collection and calculation is clear.	30/06/2020	Open	i. The ARGF Budget and Operating Plan was presented to Council 18 November 2019 in C-WP/14959. The Council "endorsed the ARGF budget and operating plan for the year 2020 and, for planning purposes, the budgetary estimated for the years 2021 and 2022, on the understanding that the latter was subject to change;"(C-DEC218/2). New KPIs as requested are reflect in the endorsed plan at Appendix E. ii. In progress. iii. The RPM 2020 Operating Plan prepared for D/ADB will be monitored quarterly. This quarterly report has been formatted for quarterly reporting pursuant to this recommendation; each KPI outlined in the Council Working Paper is reflected and a methodology supports the reporting for each KPI where necessary (for example, tracking systems are in place to ensure 3 day turnaround on POD orders and

Assignment Title	Recommendation No.	Recommendation	Target Date	Status as at 31/12/2019	Status update as at 31/12/2019
					calculations for reduced waste are outlined).
	IA/2019/3 Rec 8	EAO recommends that risks on the RPM register are regularly discussed at management and other staff meetings, and that the status and effectiveness of mitigating actions and controls is captured and recorded.	31/03/2020	Open	In progress.
Audit of Outsourced IT Services	IA/2019/4 Rec 1	ICT should assess whether the currently vacant posts could be used to regularize long-term consultants who perform “administrative” or “critical” roles within ICT and have access to ICAO confidential information.	31/12/2019	Implemented	Implemented.
	IA/2019/4 Rec 2	ICT should perform a cost-benefit analysis on tasks currently performed by consultants to assess if it is feasible to outsource certain functions or processes within Enterprise IT (e.g. Help Desk) instead of hiring consultants.	31/12/2020	Open	In progress.
	IA/2019/4 Rec 3	ICT should implement a time recording process to track the time spent on each of the projects by consultants, and to enable ICAO Senior Management to make informed decisions on how to control the rising consultancy costs.	31/12/2019	Overdue	ETS has times sheets with daily entries for hours worked. The tasks breakdown for any given month are also summarized on the time sheets as attached. Project related activities can be tracked per worked hour, however consultants working in operations will continue to record the monthly summaries.
	IA/2019/4 Rec 4	ICT should ensure that proper funding is approved (for both development and support) before undertaking any new project where additional consultancy services will be required.	31/12/2019	Overdue	Can be closed after the IMC Meeting Minutes of Dec 9 2019 are circulated.
	IA/2019/4 Rec 5	ICT should establish a Strategy for outsourcing ICT services, in line with ICAO’s Strategic Objectives and needs, which will clearly define key drivers and functions that can be considered for outsourcing to maximize the benefits and mitigate the associated risks. Key drivers could include among others: a. Access to skills that are unavailable locally; b. Better use of internal resources;	31/12/2020	Open	In progress.

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		c. Cost reduction; d. Accelerated business processes; and e. Improved business or customer focus.			
	IA/2019/4 Rec 6	Assess the current level of third-party risk facing ICAO and complete, as appropriate, the background checking of ICT staff and consultants assigned to key positions and who have access to highly sensitive systems and data. Develop robust vetting procedures and perform background checks on all new ICT staff and consultants who have access to confidential information.	31/12/2020	Open	Background checks (ADB/InfoSec working with ADB/RCP), presentation done, pilot of project (consultants from BTS) done satisfactory. HR needs to provide the rules and modalities and processes to conduct background checks. InfoSec can do the background checks on HR requests, this will provide a certain level of independency for HR.
	IA/2019/4 Rec 7	Establish clear criteria for consultants and staff to have privilege access to ICAO's confidential information and identify/enhance the security controls in place to safeguard critical systems and confidential information.	31/12/2020	Open	In progress.
	IA/2019/4 Rec 8	Identify those consultants and staff who are currently assigned to critical functions and develop a back-up plan for ensuring effective and efficient functioning of ICT operations in case of absence/departure.	31/12/2020	Open	In progress.
Evaluation of Secretarial Support to the Council	EV/2019/1 Rec 1	The Office of the Secretary General should identify practical ways of improving the quality and timeliness of documents submitted to the Council, ANC and other subordinate bodies. This could include, but not limited to, developing and using a document quality control checklist, establishing a review team, organizing executive level report writing training courses and improving the current guidance being used to draft Council working papers as well as exploring innovative ways to prioritize and coordinate its effort in preparing C-WPs and other documents.	31/12/2020	Open	In progress.
	EV/2019/1 Rec 2	While recognizing the importance of quality assurance of Oral Reports, the Office of the Secretary General (OSG) should ensure that Oral Reports are handled in line with rule	30/06/2020	Open	In progress.

Assignment Title	Recommendation No.	Recommendation	Target Date	Status as at 31/12/2019	Status update as at 31/12/2019
		40 of the Rules of Procedure for Standing Committees of the Council.			
	EV/2019/1 Rec 3	The Office of the Secretary General, under the guidance of and in coordination with the Council, should restructure and improve the Secure Web Portal to facilitate easier user-navigation and improve information sharing and transparency between the Secretariat and the deliberative bodies.	31/12/2020	Open	In progress.
Evaluation of the Global Aviation Safety Plan (GASP) and Global Air Navigation Plan (GANP)	EV/2018/2 Rec 1	While reviewing the current field structure and business model of the organization, the Secretariat should in particular strengthen the ROs (including providing adequate human and financial resources) to adequately support Member States in the implementation of the Global Plans.	31/12/2020	Open	In progress.
	EV/2018/2 Rec 4	In addition to decreasing the time gap between developing standards and guidance materials, the Secretariat should: • provide appropriate standards and adequate guidance materials on time, in particular for GANP/ASBU implementation. • develop and implement a comprehensive awareness raising training/workshop to stakeholders at Member State and Regional levels on GANP/ASBUs.	31/12/2021	Open	In progress.
	EV/2018/2 Rec 6	The Secretariat should develop and implement performance monitoring system with clear indicators, reporting arrangements and guidelines at regional and global levels for both Plans.	31/12/2021	Open	In progress.
	EV/2018/2 Rec 7	The Secretariat should develop a guide that will help Member States to integrate aviation plans with the national development plans and through them to the SDGs.	31/12/2020	Open	In progress.
Continuous Audit on the Use of Direct Purchase Orders	CA/2019/1 Rec 1	Secretary-General should formally remind all ICAO managers of their personal accountability at all stages of a procurement process and recruitment process and adherence to the established rules and regulations covering hiring of consultants/contractors. Any serious or repetitive non-compliance cases should be dealt within the context of ICAO	31/03/2020	Open	In progress.

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		Internal Control framework and also included in the performance appraisal of staff members concerned.			
	CA/2019/1 Rec 2	HR, FIN and Procurement should jointly assess the current extent of DPOs for hiring consultants and make suggestions for short to long-term measures in collaboration with ICT. These may include but are not limited to develop a new workflow in Agresso ERP, to enhance the internal controls for hiring any consultants/contractors thereby enhancing accountability and ensuring compliance with Administrative Instructions on hiring of consultants/contractors and ICAO Policy on Consultants.	30/06/2020	Open	In progress.

APPENDIX B

ADVISORY SERVICES PROVIDED IN 2019

1. Audit of electronic voting system
2. Participation in the Working Group on Enterprise Risk Management
3. IT Project Management Office
4. Statement on Internal Control
5. Write-off of assets

APPENDIX C**JIU REPORTS PRESENTED TO THE COUNCIL IN 2019**

1. Review of Management and Administration in the International Civil Aviation Organization (ICAO) (C-WP/14901).
2. Review of internship programmes in the United Nations system (C-WP/14938).
3. Review of donor reporting requirements across the United Nations system (C-WP/14937).
4. Review of mechanisms and policies addressing conflict of interest in the United Nations system (C-WP/14857).
5. The United Nations system – Private sector partnership arrangements in the context of the 2030 Agenda for Sustainable Development (C-WP/14856).
6. Outcome of the review of the follow-up to the Joint Inspection Unit reports and recommendations by the United Nations system organizations (C-WP/14813).

— END —