International Civil Aviation Organization

WORKING PAPER

COUNCIL — 195TH SESSION

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

**2011 REPORT ON THE ACTIVITIES OF THE EVALUATION
AND INTERNAL AUDIT OFFICE (EAO)**

(Presented by the Secretary General)

<table>
<tr><td colspan="2" align="center">EXECUTIVE SUMMARY</td></tr>
<tr><td colspan="2">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 2011, 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.</td></tr>
<tr><td>Strategic Objectives:</td><td>This working paper relates to all Strategic Objectives and Supporting Implementation Strategies.</td></tr>
<tr><td>Financial implications:</td><td>Not applicable.</td></tr>
<tr><td>References:</td><td>C-DEC 149/12
Doc 9958, Assembly Resolutions in Force (as of 8 October 2010) A31-2 & A32-1
C-WP/13656</td></tr>
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1.   **INTRODUCTION**

1.1   In accordance with its Charter, the Evaluation and Internal Audit Office (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.

1.2   This report outlines the activities undertaken by EAO during 2011 as well as the comments of the Secretary General on internal audit and evaluation reports completed during the year. The Appendix shows the status of implementation of recommendations made in previous internal audits and evaluations. The report covers EAO's activities since the previous report to the Council during the 192nd Session i.e. from January 2011 to January 2012. The status of implementation of recommendations is as of the end of December 2011.

1.3   During 2011 the staff resources available to EAO were less than planned due to the unexpected vacancy in the position of the Chief from 1 July to 31 December 2011, during which time there were two professional officers in EAO rather than three.

2.   **OVERVIEW OF THE 2011 WORK PROGRAMME**

2.1   The 2011 work programme (C-WP/13656) included the following planned internal audits and evaluations:

   a)   an audit of the implementation and functioning of Agresso in the Paris Regional Office;

   b)   an audit of IT security;

   c)   an audit of the recruitment of TCB consultants;

   d)   an audit of internal controls within the payroll system;

   e)   an evaluation of Results Based Management;

   f)   an evaluation of a sample of regional TCB projects.

2.2   Of the planned work programme, the audit of IT security was completed and the audit of TCB consultants was substantially completed. The evaluation of regional TCB projects was also started. The projects selected for evaluation are the Cooperative Development of Operational Safety and Continuing Airworthiness Programmes (COSCAPs) since they represent the most homogenous sub-group of regional Technical Cooperation projects and are present in all regions.

2.3   Due to a refocusing of priorities, the audit of internal controls within the payroll system was dropped and replaced with two additional audits to the 2011 work programme: the completion of an audit of TCB projects in Somalia and an audit of translation services. In addition, an evaluation of mission travel was completed in 2011, based on a Council request at the 187th Session of the Council (C-DEC 187/12).

2.4   The audit of Agresso in the Paris Regional Office and the evaluations of Results Based Management and TCB COSCAP projects were carried forward to the 2012 work programme (C-WP/13771).

2.5   Various other activities are undertaken on an ongoing basis such as support to the former Advisory Group on Evaluation and Audit (AGEA) and the new Evaluation and Audit Advisory Committee (EAAC); coordination of action plans to implement the recommendations of the External Auditor; coordination and dissemination of Joint Inspection Unit (JIU) reports; and follow-up of all recommendations made by EAO, the External Auditor and the JIU.

3.   **EAO REPORTS**

3.1   **Audit of TCB projects in Somalia**

3.1.1   A financial audit of TCB's projects relating to the administration of the Civil Aviation Caretaker Authority for Somalia was completed. The objective was to assess, on a sample basis, whether financial transactions were correctly recorded and in compliance with project agreements and relevant financial rules and regulations; and to review the associated financial processes, procedures and internal controls to determine whether they were adequate and operating effectively.

3.1.2   The audit found that, for the period reviewed, the accounting records for these TCB projects were accurately stated, and that internal controls and financial and administrative procedures were generally good and operating effectively, although some improvements were identified to further strengthen these.

3.1.3   Key recommendations included the need to improve oversight and accountability arrangements for the project by the various different parties, including UNDP; the need to develop an agreed programme and strategy of activities aimed at strengthening the civil aviation infrastructure and safety oversight system within Somalia; and the need to address a number of important human resource issues affecting the project.

Comments of the Secretary General

3.1.4   The findings in this report have been accepted and actions have been taken to implement the various recommendations. In particular, actions have been taken to establish regular meetings of the project Steering Committee; to develop an investment/development plan for Somalia; and to review the contractual arrangements and salary scales for the different categories of project personnel.

3.2   **Audit of translation services**

3.2.1   The objective of this audit was to review the current resources, demands and outputs for translation services with a view to identifying possible productivity gains either through more efficient internal operating procedures, and/or through more effective outsourcing arrangements.

3.2.2   Key findings and recommendations from the audit include the need to:

- complete the installation of computer assisted translation tools on all of the translators' work stations as soon as possible;
- develop, in conjunction with originating bureaus and offices, an appropriate and comprehensive work planning tool for the submission of documents for translation;

- capture, analyse and report relevant data on translation activities and performance on a routine basis;
- review current translation requirements with a view to prioritizing limited translation resources and identifying possible ways of reducing demand;
- develop a fair methodology for measuring and assessing the productivity of translators;
- review current work practices to identify and eliminate inefficiencies and to improve and streamline procedures; and
- develop and implement the planned policies, procedures and guidelines on outsourcing and quality management.

Comments of the Secretary General

3.2.3   The findings in this report are being addressed by management. In particular, steps are being taken to acquire and install computer assisted translation tools for the translators, to implement the policies and procedures on outsourcing and quality management as well as to design and implement a "slotting" system for the submission of documents for translation in 2012.

3.3   **Audit of IT security, availability and continuity**

3.3.1   The principal objectives of this audit, which was carried out by an external IT audit consultant, were to review ICAO's capabilities for ensuring IT availability and continuity; to assess whether IT organization and processes are aligned with organizational objectives and requirements; and to assess whether IT availability and continuity measures are implemented and maintained in accordance with leading practices.

3.3.2   Key findings from the audit were that, although an organizational Business Impact Analysis has been initiated and contains some elements relating to the impact of a loss of IT systems, further input is required in order to ensure that effective disaster recovery plans are in place in the event of an IT service failure or interruption.

Comments of the Secretary General

3.3.3   The Secretary General takes note of the auditor's report which was submitted in December 2011. The findings in the report are being assessed and the recommendations are being taken into consideration in finalizing the Secretariat's Action Plan.

3.4   **Evaluation of mission travel**

3.4.1   The evaluation of mission travel, requested by the Council in C-DEC 187/12 reviewed the mechanisms for the selection and approval of mission travel and for reporting on mission results. An assessment was made of the relevance of mission travel to organizational objectives and the extent to which the reporting of travel identified the impact made on furthering ICAO's mission and objectives.

3.4.2   The findings confirmed that the procedures for mission approval are generally sound and that missions are selected on the basis of an established decision-making process that is aligned with organizational objectives. Although the overall quality of mission reporting has improved since 2008, the evaluation report identified a need to further standardize performance-based reporting on mission travel. A summary of the results of this evaluation has been presented separately to the Council at its 193rd Session (C-WP/13720). A copy of the full report is also available on the Council website.

<u>Comments of the Secretary General</u>

3.4.3   Comments and action plan relating to this evaluation are included in the full report, which is posted on the Council website. Updated instructions have since been issued to senior managers in an effort to move toward more standardized and performance-based mission travel reporting and monitoring.

4.   COORDINATION ACTIVITIES

4.1   Liaison with the JIU

4.1.1   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 2011, EAO coordinated ICAO's input to twenty-two JIU reviews at various stages of implementation and participated in a trial group to evaluate an online database currently being developed by the JIU to track the implementation of its recommendations. This online database is planned for completion in 2012. In addition, working papers were presented to the Council summarizing the recommendations and Secretariat Action Plans relating to the following JIU reports:

- Environmental Profile of the UN System Organizations (C-WP/13702);
- Review of Travel Arrangements within the UN System (C-WP/13703);
- Selection and Conditions of Service of Executive Heads (C-WP/13721);
- Ethics in the UN System (C-WP/13745);
- Review of Enterprise Risk Management in the UN System (C-WP/13783);
- Preparedness of UN System Organizations for the International Public Sector Accounting Standards (C-WP/13784).

4.1.2   EAO also presented working papers to the Council on the Status of Implementation of Recommendations of the JIU (C-WP/13785) and the annual Report of the JIU for 2010 and programme of work for 2011 (C-WP/13782).

4.2   Liaison with the External Auditor

4.2.1   EAO acts as the focal point for liaising with the External Auditor, in particular with regard to performance audits. EAO is responsible for coordinating the preparation of Secretariat Action Plans to implement the External Auditor's recommendations, and follows up on the status of outstanding recommendations with the managers responsible for implementing them. EAO provides a status report to the Council each year on the implementation of the External Auditors recommendations (C-WP/13740).

4.2.2   EAO is also responsible for coordinating the preparation of Secretariat Action Plans which are completed in response to management letters addressed to the Secretary General by the External Auditor. Copies of all management letters and associated Secretariat Action Plans are available on the Council website.

5.   **STATUS OF IMPLEMENTATION OF EAO'S RECOMMENDATIONS**

5.1   The status of implementation of EAO's recommendations made during 2011 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 to queries sent out by EAO and subsequent discussions. Therefore the real 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.

5.2   As shown in the attached table, there were a total of 65 internal audit and evaluation recommendations under implementation as at 31 December 2011. This compares with 72 as at 31 December 2010. The relative age of outstanding recommendations has improved from the previous year. As at 31 December 2011, only 16 of the 65 outstanding recommendations were older than two years, compared with 28 of the total 72 outstanding recommendations as at 31 December 2010. In accordance with the Council's instructions, the continuing validity of all recommendations older than two years has been reviewed to ensure that they continue to be appropriate. In this regard, EAO has worked with the relevant areas to close any recommendations older two years which are no longer valid, and to ensure that action plans are in place to complete the remaining outstanding actions.

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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 31/12/10	Under implementation at 31/12/10	Extent of completion at 31/12/10	Implemented/ closed in 2011	Under implementation at 31/12/11	Extent of completion at 31/12/11	Extent of uncompleted recommendations over 2 years old
12/11	Audit of IT Security, Availability and Continuity	10	N/A[1]	N/A[1]		-	10	-	N/A
12/11	Audit of Translation Services	22	N/A[1]	N/A[1]		-	22	-	N/A
4/11	Audit of TCB projects in Somalia	23	N/A[1]	N/A[1]		12	11	52%	N/A
12/10	Audit of Interpretation Services	5	-	5	-	3	2	60%	N/A
12/10	Audit of Agresso Phase 1	20	17	3	85%	2	1	95%	N/A
10/10	Audit of Field Procurement	24	16	8	67%	8	- completed	100%	N/A
06/09	Report on the Ancillary Revenue Generation Fund (ARGF)	16	9	7	56%	4	3	81%	19%
02/09	Report on the Evaluation of Staff Contracts	31	18	13	58%	7	6	81%	19%
04/08	Report on the audit of Cell Phones	7	6	1	86%	-	1	86%	14%
01/08	Report on the Audit of the Conference and Other Facilities Fund	15	12	3	80%	1	2	87%	13%
01/08	Report on the Evaluation of the Aviation Security Plan of Action	27	19	8	70%	8	- completed	100%	-
06/07	Report on the Evaluation of	33	26	7	79%	6	1	97%	3%

[1] Report finalised in 2011

Report finalised MM/YY	Title	Total no. of recommendations	Implemented prior to 31/12/10	Under implementation at 31/12/10	Extent of completion at 31/12/10	Implemented/ closed in 2011	Under implementation at 31/12/11	Extent of completion at 31/12/11	Extent of uncompleted recommendations over 2 years old
	Publications Sales and Marketing Activities								
12/06	Audit of the Financial Statements for the ICAO Commissariat for the years ended 2004 and 2005	13	12	1	92%	1	- completed	100%	-
05/06	TCB – Follow up of External Auditor's Recommendations	12	7	5	58%	3	2	83%	17%
02/06	Procurement of Radars	5	4	1	80%	-	1	80%	20%
12/05	Audit of Administrative Procedures/Practices in TCB	10	9	1	90%	1	- completed	100%	-
12/04	Report on the Evaluation of ICAO General Service (GS) Recruitment	4	3	1	75%	1	- completed	100%	-
		277	**158**	**64**	**77%**[2]	**57**	**62**	**73%**	**9%**[3]

STATUS OF IMPLEMENTATION OF RECOMMENDATIONS MADE IN EVALUATION REPORTS

Report finalised MM/YY	Title	Total no. of recommendations	Implemented prior to 31/12/10	Under implementation at 31/12/10	Extent of completion at 31/12/10	Implemented/ closed in 2011	Under implementation at 31/12/11	Extent of completion at 31/12/11	Extent of uncompleted recommendations over 2 years old
6/11	Evaluation of Mission Travel	3	N/A[1]	N/A[1]		1	2	33%	N/A
12/10	Evaluation of USOAP	9	-	9	-	8	1	89%	N/A
		12	**-**	**9**	**-**	**9**	**3**	**75%**	

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[2] Total no. of recommendations implemented/closed as at 31/12/10 (209) divided by total no. of recommendations as at 31/12/10 (273)
[3] Total no. of uncompleted recommendations in reports over 2 years old (16) divided by total no. of recommendations in reports over 2 years old (173)