



**COUNCIL — 201ST SESSION**

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

**2013 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 2013, together with the comments of the Secretary General on internal 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.

<i>Strategic Objectives:</i>	This working paper relates to Supporting Implementation Strategy – Management and Administration – Evaluation and Internal Audit.
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<i>Financial implications:</i>	Not applicable.
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<i>References:</i>	C-DEC 149/12 Doc 9958, <i>Assembly Resolutions in Force</i> (as of 8 October 2010) A31-2 & A32-1 C-WP/13887 C-WP/13771
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## 1. INTRODUCTION

1.1 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.

1.2 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.

1.3 This report summarizes the activities carried out by EAO during 2013 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 EAO reports. The status of implementation of recommendations is as of the end of December 2013.

## 2. CORE ACTIVITIES

2.1 The 2013 work programme (C-WP/13887) included the following planned internal audits and evaluations. The status of each audit and evaluation is noted in the table below.

<b>Internal Audits</b>	<b>Current Status</b>
Implementation of ICAO's <i>Policy on Contracts of Individual Consultants/Contractors</i>	Final report issued (para 3.2)
Provision of staff training and development activities	Audit in progress
Financial procedures, internal controls and business processes in the Mexico Regional Office	Final report issued (para 3.3)
Agresso security and access controls	Audit in progress
Monitoring of staff absence	Final report issued (para 3.4)
<b>Evaluations</b>	<b>Current Status</b>
Implementation and activities of the Comprehensive Regional Implementation Plan for Aviation Safety in Africa (AFI Plan)	Inception report completed. Full evaluation deferred to 2015 at the request of the Secretariat (para 5.1.1)
ICAO's HR succession planning process	Evaluation in progress
Technical Cooperation administrative support processes	Draft report issued

2.2 In addition, the following internal audits and evaluations from the 2012 work programme (C-WP/13771) were completed in 2013.

<b>Internal Audits</b>	<b>Current Status</b>
IT governance and strategic planning	Final report issued (para 3.5)
Travel management and administration	Final report issued (para 3.6)
Fixed assets and equipment inventories	Draft report issued
<b>Evaluations</b>	<b>Current Status</b>
Results Based Management	Final report issued (para 4.2)

2.3 Under the 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. During 2013, EAO was requested to carry out one investigation, which was completed.

### **3. INTERNAL AUDIT REPORTS COMPLETED IN 2013**

3.1 In accordance with the policy set out in EAO's Charter, once finalized, all internal audit reports are available to Council Representatives to consult on a read only basis in the offices of EAO following receipt of a written request addressed to the Chief, EAO. A brief summary of the internal audit reports completed in 2013 is given in the paragraphs below.

#### **3.2 Audit of ICAO's Policy on Contracts of Individual Consultants/Contractors**

3.2.1 The objective of this audit was to assess compliance with the requirements of the *Policy on Contracts of Individual Consultants/Contractors* in the first year of its implementation (from November 2011 to December 2012). The audit identified numerous cases where the rules and provisions in the Policy had not been fully complied with. This included use of consultants for continuous, open-ended tasks over long periods of time with no clear deliverables; poor documentation of the selection process or justification for single source selection; and unclear supervisory arrangements. Other weaknesses were identified regarding the lack of a clear understanding in practice between when to appoint a person as a consultant under the *Policy* and when to give a temporary staff contract; in the completeness and clarity of certain aspects of the *Policy* itself (for example the methodology for calculating lump sums, and whether consultants are eligible to attend training courses paid for by ICAO); and in the monitoring and oversight role carried out by Human Resources. Appropriate recommendations were made to address these audit findings.

#### **3.3 Audit of the Mexico Regional Office**

3.3.1 The objective of this audit was to review the financial procedures, internal controls and business practices in the regional office, covering aspects such as procurement of goods and services, recruitment of consultants and temporary staff, budgetary control, expenditure on travel and meetings, and management of the office's inventory records. Recommendations were made to further improve and strengthen existing procedures and controls, particularly in the area of local purchasing of goods and supplies and mission travel.

#### **3.4 Audit of Staff Absence Monitoring**

3.4.1 The objective of the audit was to assess the adequacy of the monitoring of staff absence as it relates to sick leave and annual leave. The main findings were: a significant number of post-facto entries for annual leave entered in Agresso, with the system permitting the approval of one's own leave under certain circumstances; inconsistency observed between ICAO Service Code and Staff Rules pertaining to the application of annual leave rights; ICAO incurs noteworthy costs regarding the commutation of accrued annual leave upon staff termination from ICAO (i.e. CAD \$2.3 million during 2011-2013); the sick leave statistics for the period 2010-2012 highlight a noteworthy number of sick leave days taken by ICAO staff (i.e. over 7000 days claimed in 2012); inconsistent practices have been observed with regard to the way medical certificates are managed, in addition to having insufficient data protection provisions for personal data, as these certificates can be uploaded in Agresso and viewed by management. Appropriate recommendations were made to address the audit findings.

#### **3.5 Audit of IT Governance and Strategic Planning**

3.5.1 This was a specialised IT audit carried out on EAO's behalf by auditors loaned from the Office of Internal Oversight Services of the UN. The objectives of the audit were to assess ICAO's governance arrangements relating to IT including the processes and practices for strategic planning, risk assessment, performance monitoring, business continuity, system management and security.

Recommendations for improvement were identified in the areas of strategic planning (linking the IT plan more closely to business requirements); business continuity planning; development of the project management framework; and revision or finalisation of service level agreements and other IT policies and procedures.

### **3.6 Audit of Travel Management and Administration**

3.6.1 The objective of this audit was to review ICAO's current travel management arrangements and related administrative processes to identify any areas where cost savings, efficiencies or improvements might be made. The audit concluded that savings can be made through better forward planning of mission travel to obtain the best possible fares; more pro-active consideration of alternatives to travel; and by ensuring that travel by more than one staff member on the same mission is fully justified. Current inefficiencies in the processing of travel claims should also be reduced by the planned implementation of an automated travel module as an extension to ICAO's enterprise resource planning system (Agresso). Appropriate recommendations were made to address these audit findings.

## **4. EVALUATION REPORTS COMPLETED IN 2013**

4.1 In the case of evaluations, ICAO policy is that, once finalized, a summary of the report, taking into account comments received from managers and the Secretary General, is submitted to the Council, and the full report is published on the Council website.

### **4.2 Evaluation of Results Based Management**

4.2.1 This evaluation assessed ICAO's progress towards Results Based Management (RBM) during the period from 2004 to 2012 and the coherence, relevance, efficiency, effectiveness and sustainability of RBM processes. A detailed summary of the evaluation, together with the Secretariat's response to the five recommendations made in the report, is contained in C-WP/14121 (presented to the Finance Committee and the Council at its 201st Session).

## **5. OTHER EVALUATION OUTPUTS**

5.1 The 2013 EAO work programme included an evaluation of the AFI Plan for the purpose of providing an independent review of programme performance. Preliminary work on this evaluation commenced in March 2013 and the primary focus was to provide evidence-based information to support the assessment of how to steer the programme going forward. The evaluation was to have addressed how well the AFI Plan is adapting to the evolving needs of the region, how effectively it is managed, whether the current structure is sustainable in the longer term, what the areas of core competency are, where there are further opportunities for partnership, what are potential sources of funding, etc. In May 2013 the Secretariat decided that this evaluation would bring more value if it were conducted closer to the decision-making timeframe relating to the future of the AFI Plan. For this reason, the evaluation has been postponed until 2015. An inception report was produced containing contextual information and a conceptual framework to help foster a more in-depth understanding of the objectives and deliverables of the AFI Plan, the programme logic, the needs of stakeholders and beneficiaries, the lessons learned from the on-going implementation of the programme and its prospective challenges and opportunities. The report contains a number of recommendations regarding the scope and methodology of this future evaluation.

5.2 As reported last year, a thematic impact evaluation of the Cooperative Development of Operational Safety and Continuing Airworthiness Programmes (COSCAPs) was initiated in 2011 and terminated in 2012 due to the impossibility of completing it cost-effectively as originally scoped. Consequently whereas the evaluation was withdrawn from the EAO work programme, it was agreed that a report would be produced to document global observations and lessons learned from the work already carried out. A closure report was produced in 2013 that provides a general overview of the COSCAPs, summarizes key lessons learned and proposes conceptual tools that could support future donor-driven evaluations of individual COSCAPs.

## **6. SECRETARY GENERAL'S COMMENTS ON EAO REPORTS COMPLETED IN 2013**

6.1 The results of all internal audits and evaluations have been discussed with EAO. In each case, Secretariat Action Plans have been prepared and incorporated in the final version of the report. The Action Plans include managers' comments on the various recommendations made, and details of the proposed actions which the Secretariat is planning to take to implement them.

## **7. NON-CORE ACTIVITIES**

### **7.1 Liaison with the Joint Inspection Unit**

7.1.1 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, to disseminate JIU reports within the Organization, and to follow up on the status of outstanding recommendations. In 2013, EAO coordinated ICAO's input to 21 JIU reviews at various stages of completion, of which two were included in the JIU's 2011 work programme, nine in its 2012 work programme, and ten in its 2013 work programme. Overall, 38 new recommendations were issued to ICAO in 2013.

7.1.2 In 2013, working papers were presented to the Council summarizing the recommendations and Secretariat Action Plans relating to the following JIU reports:

- Accountability Frameworks in the UN System (C-WP/13975);
- The Management of Sick Leave in the United Nations System (C-WP/13976);
- Business Continuity in the UN System (C-WP/13965);
- Staff Recruitment in UN System Organizations: a Comparative Analysis and Benchmarking Framework: Overview (C-WP/14084);
- Lump-Sum Payments in Lieu of Entitlements (C-WP/14083); and
- Review of Individual Consultancies in the UN System (C-WP/14082).

7.1.3 EAO also presented working papers to the Council on the Status of Implementation of Recommendations of the JIU (C-WP/14080) and the Annual Report of the JIU for 2012 and Programme of Work for 2013 (C-WP/14081).

### **7.2 Liaison with the External Auditor**

7.2.1 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.

## 8. STATUS OF IMPLEMENTATION OF EAO'S RECOMMENDATIONS

8.1 The status of implementation of recommendations issued by EAO in 2013 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 updates. In the case of audit recommendations, 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.

8.2 As a result of recent increases in audit and evaluation resources, the number of reports issued in 2013 and early 2014 has increased significantly. This combined with the fact that the majority of reports issued in 2013 were finalized towards the end of the year, explains the higher number of recommendations under implementation as at 31 December 2013 (46), compared with the corresponding number under implementation as at 31 December 2012 (39).

8.3 The table below illustrates the progress made by the Organization in addressing the recommendations issued by EAO. As at 31 December 2013, accepted recommendations issued in 2010 and 2011 were nearly all closed, while 50 per cent of the recommendations issued in 2012 and 27 per cent of the recommendations issued in 2013 were closed.

Status	No. of recommendations issued by EAO each year			
	2010	2011	2012	2013
Not accepted	5	-	-	5
Implemented	52	52	14	9
In progress	1	7	14	24
<b>Total issued</b>	<b>58</b>	<b>59</b>	<b>28</b>	<b>38</b>
Extent of Implementation as at 31/12/13	98%	88%	50%	27%

8.4 Since 2012, Chief EAO has instituted quarterly meetings with bureau directors to review on an on-going basis, the status of both 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 and evaluation recommendations.

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**APPENDIX**

**STATUS OF IMPLEMENTATION OF RECOMMENDATIONS MADE IN INTERNAL AUDIT REPORTS**

<b>Final report issued</b> <b>MM/YY</b>	<b>Title</b>	<b>Total no. of recommendations</b>	<b>Not accepted</b>	<b>Implemented prior to 31/12/12</b>	<b>Implemented/ closed in 2013</b>	<b>In progress at 31/12/13</b>	<b>Completion of accepted recommendations at 31/12/13</b>	<b>Outstanding recommendations over 2 years old</b>
01/14	Audit of staff absence monitoring	12	-	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A
01/14	Audit of the Mexico Regional Office	21	5	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A
12/13	Audit of travel management	11	2	N/A <sup>2</sup>	2	7	22%	N/A
12/13	Audit of IT strategic planning and governance	15	1	N/A <sup>2</sup>	-	14	0%	N/A
08/13	Audit of the implementation of ICAO's 'Policy on contracts of individual consultants/contractors'	7	-	N/A <sup>2</sup>	7	completed	100%	N/A
10/12	Audit of the Paris Regional Office	18	-	8	3	7	61%	N/A
05/12	Audit of TCB consultants	10	-	3	-	7	30%	N/A
12/11	Audit of IT security, availability and continuity	11	-	4	3	4	64%	4
12/11	Audit of translation services	22	-	16	5	1	95%	1

<sup>1</sup> Report issued in January 2014

<sup>2</sup> Report issued in 2013

Final report issued MM/YY	Title	Total no. of recommendations	Not accepted	Implemented prior to 31/12/12	Implemented/ closed in 2013	In progress at 31/12/13	Completion of accepted recommendations at 31/12/13	Outstanding recommendations over 2 years old
04/11	Audit of TCB projects in Somalia	23	-	19	2	2	91%	2
12/10	Audit of interpretation Services	5	-	3	1	1	80%	1
02/09	Audit of staff contracts	31	-	30	1	completed	100%	-
		<b>186</b>	<b>8</b>	<b>83</b>	<b>24</b>	<b>43</b>	<b>71%<sup>3</sup></b>	<b>8</b>

**STATUS OF IMPLEMENTATION OF RECOMMENDATIONS MADE IN EVALUATION REPORTS**

Final report issued MM/YY	Title	Total no. of recommendations	Not accepted	Implemented prior to 31/12/12	Implemented/ closed in 2013	In progress at 31/12/13	Completion of accepted recommendations at 31/12/13	Outstanding recommendations over 2 years old
12/13	Evaluation of Results Based Management	5	2	N/A <sup>2</sup>	-	3	0%	N/A
06/11	Evaluation of mission travel	3	-	2	1	completed	100%	-
12/10	Evaluation of USOAP	9	-	8	1	completed	100%	-
		<b>17</b>	<b>2</b>	<b>10</b>	<b>2</b>	<b>3</b>	<b>80%</b>	<b>-</b>

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<sup>2</sup> Report issued in 2013

<sup>3</sup> No. of accepted recommendations implemented excluding reports issued in 2014 (107/150)