



WORKING PAPER

COUNCIL — 225TH SESSION

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

ANNUAL REPORT OF THE CHIEF OF THE OFFICE OF INTERNAL OVERSIGHT (OIO)

(Presented by the Secretary General)

EXECUTIVE SUMMARY

In line with paragraph 9.1 of the OIO Charter, Chief, OIO shall submit an annual report to the Secretary General who shall transmit it to the Council with his/her comments during the first Session of the Council in each calendar year. This annual report shall summarize the activities and results of all work undertaken by OIO during the preceding year, as well as its performance relative to the annual work plan.

This report provides a summary of OIO's assurance, advisory and other oversight services in 2021. OIO issued 11 reports (eight audits, one evaluation, and two due diligence reports).

Action: The Council is invited to take note of the Annual Report of the Chief, OIO and to provide any guidance to the Secretariat, as required.

*Strategic
Objectives:*

This working paper relates to Strategic Objectives as well as Supporting Implementation Strategies.

*Financial
implications:*

N/A

References:

C-WP/15114

1. BACKGROUND

1.1 As the operationally independent internal oversight function, OIO assesses and contributes to the improvement of governance, risk management, and control processes; and to the improvement of programme management and achievement of results, using a systematic and disciplined approach that ensures accountability for the effective and efficient use of organizational resources in accordance with the approved Budget and Business Plan. OIO provides independent and objective assurance, advice, insight and foresight through internal audits, evaluations, and other oversight assignments.¹

2. PROFESSIONAL STANDARDS

2.1 In conducting audits and evaluations as well as other special assignments, OIO adheres to the International Professional Practices Framework promulgated by the Institute of Internal Auditors (IIA) and the Norms and Standards for Evaluation approved by the United Nations Evaluation Group (UNEG).

3. INDEPENDENCE OF OIO

3.1 OIO's Charter² requires the Chief, OIO, to confirm to the Council, at least annually, the independence of the internal audit/evaluation activities, and whether there has been inappropriate scope or resource limitations.

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

4. STATUS OF OVERSIGHT ASSIGNMENTS

4.1 The table below illustrates the status of implementation of the OIO work programme for 2021 (C-WP/15114):

| Assignment Title | Status |
|---|---------------------|
| Audit of the Classification Process * | Final report issued |
| Audit of the Management of Voluntary Funds * | Final report issued |
| Audit of Staff Performance Management * | Final report issued |
| Audit of IT Logical Access Controls * | Final report issued |
| Audit of Outsourced Translation Services * | Final report issued |
| Evaluation of Technical Assistance to Member States * | Final report issued |
| Audit of the Aviation Safety Audit Process | Final report issued |
| Audit of Education Grant Entitlement | Final report issued |
| Audit of the Medical Services | Final report issued |
| Due Diligence - Engaging a 3 rd Party for Cyber Security Roadmap | Final report issued |
| Due Diligence - Procurement of Passport Issuance System for Honduras | Final report issued |
| Evaluation of the Global Aviation Security Plan (GASeP) | Draft report issued |
| Audit of the Eastern and Southern African (ESAF) Regional Office | Draft report issued |
| Audit of the Information Security Roadmap | Field Work |
| Performance Audit of Data Management | Field Work |
| Review of Mobile Phone Expenses | Field Work |
| Evaluation of ICAO's Response to Covid-19 | Field Work |
| Audit of TCB Contract Management | Postponed to 2022 |

*Carried over from 2020.

¹ Paragraphs 3.1 and 3.2 of the OIO Charter

² Paragraph 6.9 of the OIO Charter

4.2 As per the OIO's Standard Operating Procedure for audit and evaluation report clearance, the target for finalising a report and completing the Management Action Plan should be within 22 working days of issuance of the draft report by OIO. Delays beyond what is foreseen in the SOP ranged from 14 to 155 days (see Appendix D).

5. KEY RISKS AND CHALLENGES FACING ICAO IN 2021

5.1 In line with paragraph 9.2 of the OIO Charter, this section presents a summary of the key risks and challenges identified by the results of oversight assignments and analysis of organizational risks. Covid-19 Pandemic and ensuing global health crises had multifaceted adverse impacts on the effective and efficient management of ICAO.

5.1.1 **Financial Management and Stability** continued to be one of the major risks facing ICAO in 2021. The Global Covid-19 pandemic continues to have very adverse impact on the ICAO's ability to deliver on its mandate by implementing the Operating Plans and the Business Plan. In this regard, while the expected revenue generation and resource mobilization efforts remained below the expected levels, this was offset by the lack of implementation of many planned activities due to postponements/cancellations caused by the pandemic. In order for ICAO to effectively achieve its mandate and program delivery while preserving its strategic position in the global aviation community, establishment of a sound financial management system has been identified as one of the priorities of the Council and the related work is in progress.

5.1.2 **Information Security Risks and ICT Issues** remain a serious concern for the Organization. More effective cooperation between the first line IT operations and second line Information Security activities need to be improved to ensure that the key internal and external threats are mitigated and ICAO has a sound and robust ICT framework and it operates as intended. Lack of ICT strategy coupled with lack of adequate budget for ICT operations continue to expose ICAO to significant risks. The implementation of the Information Security Roadmap, which was considerably delayed due to procedural flaws and internal weaknesses, has started with a new momentum following the engagement of a third party in June 2021. It is of utmost importance for ICAO to effectively manage the third party related risks to ensure successful completion of deliverables on time and with high quality without leading to any additional delays and costs.

5.1.3 **Results Based Management and Enterprise Risk Management (ERM):** ICAO has made some good progress in further advancing the implementation of the Results Based Management by simplifying the results framework with a clear structure. Involvement of relevant stakeholders in preparing the Business Plan and in formulating the results were positively noted. However, the Key Performance Indicators (KPIs) used to measure performance on program delivery has been focused on the output rather than on outcomes that measure the intended changes and improvements. On the other hand, the progress made in establishing an organization wide Enterprise Risk Management should continue to ensure it is up-to-date and used by managers in their day to day operations mitigating risks and increasing operational effectiveness and efficiency. The link between the RBM and ERM needs to be clearly established and enhanced. Full implementation of both RBM and ERM will require active involvement and buy-in 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 the implementation of an accountability framework that is in its early stages of development.

5.1.4 **Organizational Management and Culture:** ICAO continues to face challenges in attracting, retaining and developing talent, filling vacancies, and ensuring smooth succession, particularly in key positions. The need for an HR strategy and modernization of HR procedures and systems are prerequisite for ICAO to become an attractive employer and ensure that staff maintain a skill set and competencies required by the needs and expectations of the evolving needs and expectations of the Global

Aviation Community and the Member States. Strong managerial direction and oversight is essential to ensure effective compliance with policies and procedures, especially during the ongoing pandemic where inherent fraud risks are high, and to establish a strong ethical working environment, with accountability for actions taken. In this regard, the full implementation of the revised Framework on Ethics needs to be supported with formalization of the agreements with third parties and developing the rules, procedures and internal capacity to close any gaps that currently may exist.

5.1.5 Timely Implementation of Oversight Recommendations: OIO is pleased to note that the new Secretary General has set the tone at the top for timely implementation of OIO and other oversight recommendations. Despite these good efforts, partly due to financial constraints and rather low prioritization of recommendations in the operating plans, timely implementation of oversight recommendations remains a challenge, which weakens the control environment and hamper ICAO to benefit from expected improvements/enhancements to its systems, procedures and processes.

6. SUMMARY OF KEY POINTS FROM OIO REPORTS ISSUED IN 2021

6.1 Audit of the Classification Process (IA/2021/1)

| | |
|--|--------------------------------|
| Overall audit opinion | : Some improvement needed |
| Implementation status of recommendations | : 1 implemented, 5 outstanding |

6.1.1 The total number of job classifications carried out each triennium is reducing, however the number of posts being reclassified upwards is still high. Bureaus/Offices did not systematically provide a clearly documented justification when submitting requests for upgrades. There is a need to limit the number of posts which are reclassified during a triennium and to integrate human resource planning with the budget setting process. Forty-three encumbered posts were upgraded in 2017-2019. The incumbent was appointed in 41 of these cases and the post was advertised externally in only four cases. In a sample of 14 of the cases advertised internally, the incumbent was the only applicant every time. Current wording of the Staff Rules is such that, even if there is a competitive recruitment process, open to external candidates, preference will be given to the incumbent if they meet the requirements for the upgraded post. This creates a risk that resources may be wasted in undertaking a formal recruitment process and that the best candidate in any competitive process may not be selected for the post.

6.2 Audit of the Management of Voluntary Funds (IA/2021/2)

| | |
|--|----------------------------|
| Overall audit opinion | : Major improvement needed |
| Implementation status of recommendations | : All 6 outstanding |

6.2.1 There is an increasing need for voluntary contributions to bridge the gap between the Business Plan and the regular programme budget. However, there is no plan that prioritises unfunded programmes/projects and identifies those that need to be financed from voluntary funds over the triennium, and the annual funding required. Lack of a comprehensive needs assessment, together with the absence of a formal resource mobilization strategy, are major weaknesses that need to be addressed. The current structure and management of voluntary funds by separate thematic areas impedes the development of programmes/projects which cover more than one strategic objective and the coordination of activities across different bureaus/regional offices. Management information and reporting on voluntary funds needs to be enhanced to provide adequate, timely, and easily accessible information to donors and other stakeholders. The lack of a formal definition of a voluntary fund has led to a complex accounting structure, which does not facilitate clear and transparent financial reporting. The previous Secretary General has established a Project Review Committee for all ICAO Voluntary Funds (PRC-IVFs) to provide oversight. However, it has not met very frequently and does not carry out the full range of responsibilities as per its Terms of Reference. In addition, the existence of separate governing committees for some voluntary funds, and the

lack of coordination between these committees and the PRC-IVFs, reduces efficiency, transparency and cross-bureau cooperation, for an effective management and oversight of voluntary funds.

6.3 Audit of Staff Performance Management (IA/2021/3)

| | |
|--|--------------------------------|
| Overall audit opinion | : Major improvement needed |
| Implementation status of recommendations | : 2 Implemented, 3 outstanding |

6.3.1 Significant weaknesses were noted in monitoring and timely completion of individual staff PACE reports. In the period, 2017-2019, close to 20% of staff either did not initiate annual PACE or their PACE appraisals were not completed by supervisors. At the time of writing of this report, the rate of uncompleted PACE reports of 2020 was more than 40%. HR decisions were not necessarily based on PACE reports. Individual performance objectives were not linked to expected results of the organization in 23% PACE reports of 2018 and 2019. Due to technical limitations of the PACE application, ICAO plans to implement e-Performance and Learning Management System (LMS) modules of the UN Inspira system. In order to enhance accountability and organizational learning, more work is needed to establish a performance based oriented culture, and promoting an honest and constructive performance dialogue at all levels of the organization.

6.4 Audit of IT Logical Access Controls (IA/2021/4)

| | |
|--|--------------------------------|
| Overall audit opinion | : Major improvement needed |
| Implementation status of recommendations | : 2 Implemented, 5 outstanding |

6.4.1 ICAO does not have a formal access management policy. There are inadequacies in governance arrangements and implementation of effective controls over identity management and access to its data and information systems. The audit identified a high number of instances where no account expiration dates were set, where the ICAO password policy was not enforced, and where separated personnel and delegation members continued to hold active accounts after their departure. No regular access reviews are performed to ensure that all accounts are authorized and access is appropriate on a “Need to Know” basis. The patch management was deficient and active directory configuration management was weak. The reasons for these gaps are non compliance with existing Administrative Instructions and lack of an overall policy and associated procedures to regulate access to ICAO’s computer network and systems. The associated risks from unauthorized access to ICAO data and systems remain high. Based on an assessment with reference to COBIT 2019³, the current maturity level of the access management processes is around 1.5 on a scale of 0 to 5.

6.5 Audit of Outsourced Translation Services (IA/2021/5)

| | |
|--|---------------------------|
| Overall audit opinion | : Some improvement needed |
| Implementation status of recommendations | : All 6 outstanding |

6.5.1 Procedures and internal controls relating to the outsourcing process were generally effective and consistently applied. Languages and Publications (LP) has made improvements in some areas, notably the implementation of a Roster Management System to record information on freelance translators and to monitor the status of expenditures against the outsourcing budget. However, some weaknesses and areas for further improvement were identified, such as the need to streamline procedures for issuing DPOs in the case of urgent jobs, and to fully document the outsourcing process in an SOP. Although LP has prepared guidelines for recruiting, testing and evaluating potential freelance translators for the outsourcing roster, these are not implemented systematically. OIO’s survey of Council and Air Navigation Commission

³ COBIT (Control Objectives for Information and Related Technologies) is a framework created by Information Systems Audit and Control Association for information technology (IT) management and IT governance.

members showed a high degree of satisfaction with the quality of ICAO's translation services. LP has implemented a Quality Management policy to ensure that outsourced work is checked for completeness and accuracy, and to provide feedback to the translator, especially in cases where corrective action is required. Although some spot checks are carried out by each language section, LP does not collect accurate data on compliance with these targets, nor does it collect and analyse the overall results for management information and performance monitoring purposes.

6.6 Audit of the Aviation Safety Audit Process (IA/2021/6)

| | |
|--|--------------------------------|
| Overall audit opinion | : Some improvement needed |
| Implementation status of recommendations | : 1 implemented, 7 outstanding |

6.6.1 Procedures and processes relating to the implementation of the Universal Safety Oversight Audit Program – Continuous Monitoring Approach (USOAP CMA) are well-designed and effectively implemented. In addition, the Monitoring and Oversight Office (MO) constantly monitors and reviews its activities with the aim of continuously improving. The USOAP CMA is a successful programme which is appreciated by States, however it is not fully funded by the regular programme budget. Due to the Covid-19 pandemic, all on-site USOAP CMA activities have been suspended since March 2020. MO has therefore diverted resources to off-site activities (desk audits and off-site validations). The pandemic has also adversely affected MO's ability to provide on the job training (OJT) for candidates wishing to become qualified auditors. Based on the current level of resources, it is not feasible for ICAO to audit all 193 States on a regular basis. A CAP is a plan of action prepared by a State to eliminate the cause of a deficiency or finding identified during a USOAP CMA audit. Keeping up with CAP assessments is extremely resource intensive, and neither headquarters nor the regional offices have sufficient resources for this, especially given that each CAP is a living document, which a State will continuously update.

6.7 Audit of Education Grant Entitlement (IA/2021/7)

| | |
|--|--------------------------------|
| Overall audit opinion | : Some improvement needed |
| Implementation status of recommendations | : 1 implemented, 3 outstanding |

6.7.1 There were significant delays in the submission of education grant final settlement claims by few staff members. Though the Staff Employment and Administration Section (SEA) regularly checks on inadmissible expenses from education grant claims, proper scrutiny of education grant claims was hindered at times by incomplete information and practical difficulties in verifying the information with the academic institution. In few instances, inadmissible expenses were erroneously reimbursed; which are being recovered. In ICAO, internationally recruited staff members who acquired permanent resident status of the country of duty station continue to benefit from expatriate benefits including education grant. It creates financial burden for the Organization and it is not in alignment with the general practice adopted by most UN Organizations where staff members who acquire permanent resident status of the country of the duty station lose their expatriate entitlements.

6.8 Audit of the Medical Services (IA/2021/8)

| | |
|--|----------------------------|
| Overall audit opinion | : Major improvement needed |
| Implementation status of recommendations | : All 10 outstanding |

6.8.1 The ICAO medical clinic needs a complete review of its current structure and services to ensure that it is providing high quality occupational safety and health services as its primary purpose of establishment. Prevailing practices of ICAO medical clinic are not in alignment with UN best practices. Between 2011 and 2020, the medical doctors were acting as family physicians and were remunerated by

both the Organization as well as the RAMQ⁴ for providing general practitioner clinical services. This practice of ICAO medical clinic serving as a private medical clinic was neither covered by the terms of reference of the engagement of doctors nor allowed by ICAO rules and procedures. Furthermore, there are no administrative instructions on occupational safety and health (OSH). Internal controls related to authorizing sick leave were found to be significantly weak and sick leave beyond 20 days is not independently reviewed in most cases, which is otherwise mandatory in all UN organizations. In few cases, special leave with full pay was granted to staff members which was irregular. Staff members subscribe to the local RAMQ arrangements and ICAO pays the local government for this service. 4.26% of gross salary is deposited with the local authorities for the RAMQ subscription of staff members (a total of CAD 12.43 million in 2017-2020).

6.9 Evaluation of Technical Assistance to Member States (EV/2021/1)

Implementation status of recommendations : All 5 outstanding

6.9.1 ICAO Technical Assistance projects and activities are addressing gaps and needs of Member States and are contributing to implement regional priorities as well as the ICAO Business Plan and the Global Plans. However, there is lack of clarity regarding the definition of Technical Assistance resulting in possible misperception as to what constitutes Technical Assistance among ICAO staff and stakeholders. The largely audit-based approach to needs assessments and limited comprehensive participatory needs assessments of Member States results also in focusing more on remedial actions rather than proactively addressing underlying capacity gaps.

6.9.2 In general, Technical Assistance support, including the guidance, training, and workshops provided by ICAO, were generally rated as of good quality. Yet, absence of coherent monitoring and evaluation of technical assistance projects and activities makes it difficult to link the contributions of Technical Assistance to achievements and results at the Member State level. The evaluation found that the effectiveness and efficiency of ICAO's Technical Assistance to Member States is affected by shortage of financial and human resources, delays in the release of available funds, and inadequate use of existing resources.

6.10 Due Diligence Review on Procurement of a Passport Issuance System for Honduras (AD/2021/1)

6.10.1 This assignment was carried out at the request of the Director TCB, to assess the procurement process concerning the establishment of a passport issuance system for Honduras. OIO has reviewed the procurement process to determine whether ICAO's policies and procedures were correctly followed, and whether TCB has taken appropriate steps to mitigate risks. The main findings related to issues around the handling of the procurement case in line with the previous Procurement Code, communication with all internal and external stakeholders and effective implementation of the ICAO Vendor Sanction Policy.

6.11 Due Diligence Review on Engagement of a Third Party to Implement the Information Security Roadmap (AD/2021/2)

6.11.1 At the request of the Council in June 2021, OIO reviewed the procurement process for the selection of a company for the purpose of outsourcing the majority of the work to be performed in relation to the Information Security Roadmap, with a view to identifying problems encountered and lessons learned, and for a report in this regard to be presented to the Council at a future session.⁵ It took 15 months to

⁴ Régie de l'assurance maladie du Québec (RAMQ)

⁵ C-DEC 223/10

complete the procurement process from preparation of the Terms of Reference to signature of the contract, which is very long for such a priority procurement. From the beginning, there was no clear procurement plan identifying what was needed and the required timelines. The need to engage a partner to help implement subsequent remedial actions was not considered until a much later time when the Secretariat was requested again by the Council to resolve the ongoing weaknesses in ICAO's information security posture. There was a lack of close and effective collaboration between the Information Security Section and ICT. There was no clear ownership and oversight of this project by ADB management. Such a significant and high profile project was not discussed and agreed by all stakeholders. Once the issue of a potential conflict of interest for the first ranked bidder was identified, there was a lack of responsibility and accountability for the resulting situation, and for deciding what the proposed remedial action should be.

7. STATUS OF IMPLEMENTATION OF OVERSIGHT RECOMMENDATIONS

7.1 The table below provides information on the issuance and implementation of oversight recommendations during 2021. Appendix A provides further information on the high priority recommendations issued by OIO in 2021.

| Source | Open as at 31/12/2020 | Added during the year | Closed during the year | Open as at 31/12/2021 |
|----------------|-----------------------|-----------------------|------------------------|-----------------------|
| OIO | 93 | 57 | 40 | 110 |
| External Audit | 39 | 27 | 40 | 26 |
| JIU | 31 | 59 | 43 | 47 |
| Total | 163 | 143 | 123 | 183 |

7.2 Timely implementation of oversight recommendations helps ICAO to improve its overall operational effectiveness and efficiency, and to enhance compliance with existing policies/procedures, as well as safeguarding the Organization's assets.

7.3 Out of the 110 recommendations that were open as at 31 December 2021, 35 were overdue vis-à-vis planned target dates for implementation. Also, the target dates for 53 of these had been revised and extended, in some cases more than once.

7.4 The OIO monthly update on the status of implementation of oversight recommendations are made available to the Secretary General, the Senior Management, the EAAC, and the External Auditors. Copies are also posted on the Council website.

8. CONSULTATIVE AND ADVISORY OVERSIGHT WORK

8.1 OIO continued to provide objective advice and guidance to improve the Organization's operations, systems and processes related to governance, risk management and internal controls⁶. The list of areas where advisory services were provided by OIO during 2021 is in Appendix C.

9. OTHER OVERSIGHT ACTIVITIES

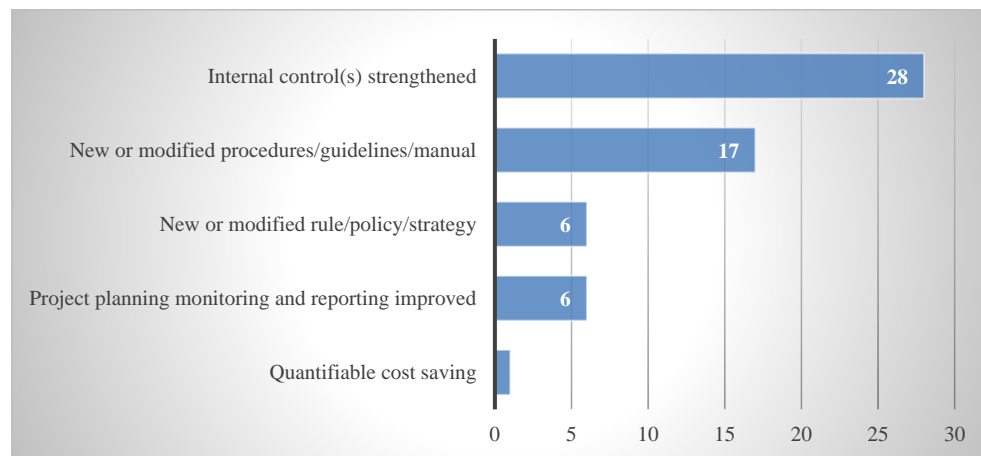
9.1 Quality Assurance and Improvement Programme

9.1.1 OIO maintains a quality assurance and improvement programme that covers all aspects of the internal audit and evaluation activities. The programme assesses the efficiency and effectiveness of the internal audit and evaluation functions and identifies opportunities for improvement. In line with the IIA

⁶ Paragraph 7.3 of the OIO Charter

Standards, OIO conducted a self-assessment of its internal audit function in December 2020 which confirmed that OIO's audit activities continue to conform with the IPPF and the OIO performs according to established policies and procedures assisting ICAO to strengthen its governance, internal control and risk management processes.

9.1.2 OIO has started to track the impact of implementation of its recommendations as of 2021. In 2021, OIO closed 40 recommendations as implemented which led to the following organizational improvements as shown on the table below:



9.2 Revised Evaluation Policy

9.2.1 OIO revised the ICAO Evaluation Policy in line with the recommendations of the Peer Review of the Evaluation Function, conducted in 2019 based on the UNEG Norms and Standards. The Council reviewed and approved the updated Evaluation Policy during its 224th Session⁷.

9.3 OIO Retreat

9.3.1 OIO organized a virtual retreat to discuss its overall performance, working methods and priorities for preparing its work plan for the year 2022. OIO's risk assessment methodology considered the existing ICAO Corporate Risk Register, feedback received from Representatives on the ICAO Council, the EAAC, the Secretary General and other senior staff.

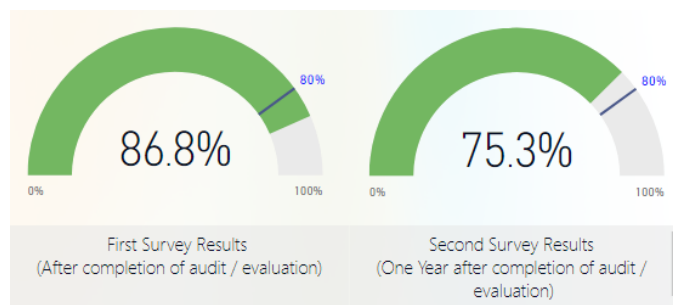
9.4 Feedback from Stakeholders

9.4.1 To provide up-to-date information on OIO's structure, reports and other activities, OIO has updated its intranet and internet pages in 2021. OIO has added a new dedicated page for the public disclosure of oversight reports on the internet site.

9.4.2 OIO continued to seek feedback from managers responsible for audited/evaluated areas to identify satisfaction rates and areas for improvement in the quality of its work and services provided. Based on an analysis of survey responses, OIO achieved an overall satisfaction rate of 86.8% during 2021. Additionally, OIO sent another survey one year after the completion of an audit or evaluation providing that at least 75% of the recommendations have been implemented, to assess the impact of its oversight

⁷ C-DEC 224/5

work. The consolidated results indicate that a satisfaction rate of 75.3% has been achieved. OIO appreciates this positive result and constantly strives to improve its performance and impact of its work.



10. COOPERATION WITH EXTERNAL OVERSIGHT BODIES

10.1 Evaluation and Audit Advisory Committee (EAAC)

10.1.1 OIO regularly presented the results of its oversight assignments to the EAAC virtually and discussed significant governance, risk management, internal control and programme management issues with the Committee. OIO is very appreciative of the continued support and advice provided by the EAAC on OIO's work.

10.1.2 In accordance with the revised OIO Charter, the Secretariat of the EAAC was transferred from OIO to the Strategic Planning, Coordination and Partnerships (SPCP) Office in 2021.

10.2 External Auditor

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

10.3 Joint Inspection Unit (JIU)

10.3.1 During the reporting period, as the focal point for the Joint Inspection Unit of the United Nations (JIU), OIO coordinated ICAO's input to 25 JIU reports at various stages of completion and presented working papers to the Council including a summary of recommendations and Secretariat Action Plans for six JIU reports (see Appendix E), the implementation status of JIU recommendations (C-WP/15275), the report of the JIU for 2020 and programme of work for 2021 (C-WP/15216).

10.4 Networking with Other Oversight Functions

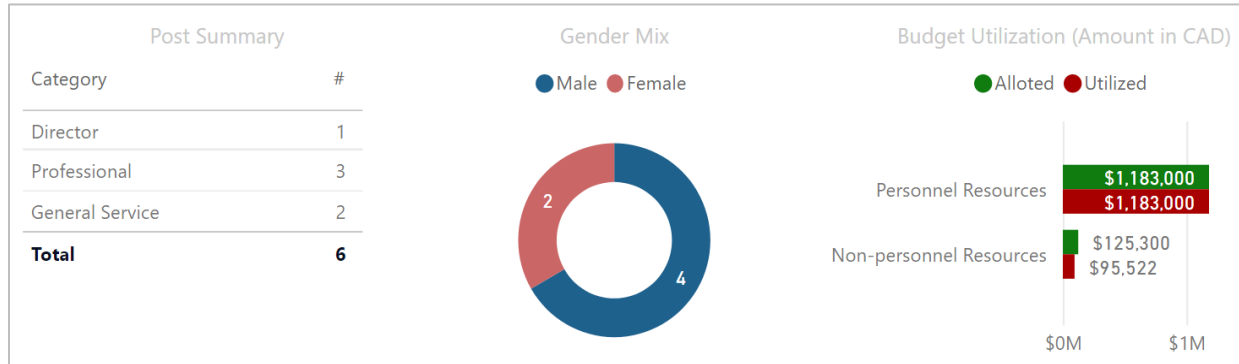
10.4.1 Due to ongoing Covid-19 Pandemic, OIO did not attend any physical networking meeting in 2021. In this regard, the annual Meeting of Representatives of Internal Audit Services of the UN system and multilateral financial institutions and other International Organizations (UN-RIAS and RIAS), and the annual in-person Meeting of the United Nations Evaluation Group (UNEG) were both cancelled. However, Chief, OIO attended a number of virtual meeting of the UN-RIAS and made a presentation on the use of Data Analytics in Audit Work.

11. OVERSIGHT RESOURCES

11.1 Budget and Staff

11.1.1 To discharge its mandate, OIO was provided with a triennial budget of CAD \$3.88 million, which represents 1.2% of ICAO's budget for the 2020-2022 triennium.

11.1.2 Chart: OIO's budget utilization as at 31 December 2021.



11.1.3 The P-5 Senior Internal Audit Officer took early retirement effective 31 December 2021. The selection process is underway and the post is expected to be filled by March-April 2022.

11.2 Training

11.2.1 During 2021, an in-house group training course for all OIO staff on Communicating for Results was successfully delivered virtually. In addition, in line with individual staff development objectives as agreed in the PACE system, OIO staff attended various online training courses on topics such as critical thinking, information security, Enterprise Risk Management, etc. to enhance their technical knowledge and skills and to equip them to perform their duties in an efficient and effective manner.

APPENDIX A

HIGH PRIORITY RECOMMENDATIONS ISSUED BY OIO IN 2021

| Assignment Title | Recommendation No. | Recommendation | Target Date | Status update as at 31/12/2021 |
|--|--------------------|---|-------------|--|
| Audit of the Classification Process | IA/2021/1 Rec 2 | i) FIN and ADB (HR) should take steps to fully integrate HR planning with the Organization's results-based budgeting process, such that bureaus/offices are required to determine the human resources needed to produce the stated results in the ICAO Business Plan. ii) Proposals for reclassification of posts funded by the regular programme budget should be considered as part of the business and operational planning process, so that any associated additional staff costs can be incorporated in the upcoming budget, and implemented only if the budget is subsequently approved. Exceptions during the triennium must be restricted to a limited number of clearly defined circumstances. | 31/03/2022 | i) In progress. ii) This task is being done jointly by FIN and RCP. Due to delays in filling the post of P4 Head, Regular Programme (RP) Budget Unit, as the 2nd selected candidate decided not to join ICAO, we have not been able to finalize the guidelines in the first half of 2021 as originally planned. The vacancy notice for the above post is currently advertised and it is expected to be filled by December 2021. Therefore, we are requesting an extension of the deadline until 31 March 2022. View supporting document |
| | IA/2021/1 Rec 4 | All bureaus/offices should be required to submit a clearly documented justification with any request for reclassification of a post, setting out the programmatic or operational need for the change; the link to the Business Plan or the bureau/section's operating plan; and any budget implications. | 31/03/2022 | Implemented. |
| Audit of the Management of Voluntary Funds | IA/2021/2 Rec 1 | SPCP, in close cooperation with the responsible bureaus and regional offices, should: i) assess the functioning of the Project Review Committee for all ICAO Voluntary Funds (PRC-IVFs), including its interaction with other voluntary fund committees, and draw up an action plan to address any weaknesses and enhance the overall management of voluntary funds; and ii) establish a cross-bureau technical group to support the PRC-IVFs in carrying out its duties and responsibilities. | 31/12/2021 | In progress. |

| | | | | |
|---------------------------------------|-----------------|---|------------|---|
| | IA/2021/2 Rec 2 | i) The PRC-IVFs should assess whether those voluntary funds which have not been formally established by the Council can be consolidated; and whether all voluntary funds should be governed by a standard ToR. ii) SPCP, in close collaboration with the responsible bureaus, regional offices and the Finance Branch, should coordinate the development of a comprehensive set of Standard Operating Procedures (SOPs) for the management of all ICAO voluntary funds. | 30/06/2022 | i) In progress. ii) In progress. |
| | IA/2021/2 Rec 3 | i) In order to identify where resource mobilization efforts are required, bureaus and regional offices should indicate in their operating plans, which of the approved programmes/projects in the ICAO Business Plan are not funded by the regular programme budget and need additional funding. ii) SPCP should prepare a Resource Mobilization Strategy, supported by an annual Resource Mobilization Plan, based on the needs identified by bureaus and regional offices. | 31/12/2022 | i) In progress. ii) In progress. |
| | IA/2021/2 Rec 5 | In consultation with the responsible bureaus and regional offices, the Finance Branch should: i) establish a clear definition of voluntary funds; and ii) rationalize, streamline and simplify the current accounting structure and financial reporting of voluntary funds. | 31/12/2022 | i) In progress. ii) In progress. |
| | IA/2021/2 Rec 6 | i) The Finance Branch, in collaboration with bureaus and regional offices, should prepare written guidance on the use of revenues collected from the cost recovery charge on voluntary funds. ii) SPCP, in close cooperation with the Finance Branch, and under the guidance and direction of OSG, should explore how to enhance the current level of staffing and provide a more stable and sustainable means of financing key posts in SPCP for resource mobilization/partnership activities. | 31/12/2022 | i) In progress. ii) In progress. |
| Audit of Staff Performance Management | IA/2021/3 Rec 1 | i. The Secretary General should formally remind all Senior Managers and staff members of their obligations to comply with the provisions of Staff Rule 104.39 to ensure completion of PACE reports for 2020 in a timely manner. | 31/12/2021 | Actions (i), (ii) and (iii) implemented. Action (iv) will be reviewed once the PACE completion rates improve. |

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| | | ii. The Secretary General should instruct that timely completion of PACE reports within their respective Bureaus/Offices/Regional Offices is added as a performance objective for all senior managers with responsibilities to supervise staff and appraise employee performance. iii. Bureau of Administration and Services (ADB) should monitor and regularly report to Secretary General on compliance of Bureaus / Offices / Regional Offices with organization-wide KPIs for PACE implementation. iv. Human Resources should ensure that PACE reports are taken into account as the basis for all HR decisions in line with the relevant Staff Rules and Regulations | | |
| | IA/2021/3 Rec 2 | Administration and Services Bureau (ADB) should ensure that i. Individual staff performance objectives are linked to Organizational expected results in all PACE reports. ii. Senior Managers and staff members are provided training on effective PACE implementation including but not limited to formulation of SMART performance objectives and consistent application of performance rating. | 31/12/2021 | i) In progress. ii) In progress. |
| | IA/2021/3 Rec 3 | Administration and Services Bureau (ADB) should undertake a requirements analysis of the desirable features before implementing e-Performance module considering the lessons learned from previous implementation of PACE. | 31/03/2021 | Implemented. |
| | IA/2021/3 Rec 4 | Administration and Services Bureau (ADB) should ensure at the time of implementation of UN Inspira e Performance and Learning Management System (LMS) modules that both these modules are linked and LMS should provide for recording all training activities of individual staff members. | 31/01/2022 | In progress. |
| Audit of IT Logical Access Controls | IA/2021/4 Rec 1 | The Bureau of Administration and Services (ADB), in close consultation with the Bureaus and Offices should (i) Develop identity management policy and procedures covering all users requiring access to ICAO's IT systems including but not limited to members of delegations and other external users, (ii) Ensure that all active user accounts | 31/12/2022 | In progress. |

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| | | should be linked with a digital identity to mitigate risks of granting improper access rights, and (iii) Develop a comprehensive set of access management policy and procedures. The access control policy should inter alia address user registration/deregistration, access granting/revocation, regular access reviews and privileged/administrative access management. It should be ensured that access control policies and procedures are standardized across all Bureaus and organizational units. | | |
| | IA/2021/4 Rec 2 | ICT, in cooperation with HR, Information Security Office (ISO) and Bureaus, should review all user and generic accounts and take the following remedial measures: i. Disable user accounts of former staff members. ii. Disable user accounts of former delegates. iii. Review all user accounts where employee or supplier identification details are not recorded and complete the required information in an expeditious manner and ensure that identification details are fully captured at the time of user registration. iv. Disable those privileged and generic accounts which are dormant including those accounts with no activity in the recent past. v. Place all privileged accounts in the default group called “protected users”. vi. Ensure that the password policy is implemented for all generic as well as person user accounts without exception. vii. Kerberos authentication should be enabled for all user accounts. If there are any genuine exceptions to the password policy implementation, such cases should be documented and approved. | 31/12/2021 | In progress. |
| | IA/2021/4 Rec 3 | ICT should replace all instances of computers and workstations where old and obsolete operating systems are installed. Computers, which are not in use anymore, should be disabled from the active directory. | 31/12/2021 | Implemented. |
| | IA/2021/4 Rec 5 | In order to reduce the risk of cyber- attacks, ICT, in collaboration with InfoSec, should install the latest network file sharing protocol replacing SMB (Server Message Block) version 1, and new file replication service protocol on domain controllers replacing NTFRS (New Technology | 31/03/2022 | Implemented. |

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| | | File Replication Service), which are now obsolete. InfoSec unit should finalize the baseline security configuration of domain controllers and regularly review the security configurations for compliance with the established baseline configuration. | | |
| | IA/2021/4 Rec 6 | InfoSec unit should define the baseline requirements for audit logging by identifying all the security events that should be captured in audit logs and their retention schedule. Information Security (InfoSec), in collaboration with ICT, should also develop and implement procedures for regular monitoring of audit logs and reporting of results to the appropriate authority within the Organization. | 31/03/2022 | In progress. |
| | IA/2021/4 Rec 7 | Information Security (InfoSec), in collaboration with ICT, should (i) develop and implement procedures for the regular monitoring of privileged access user accounts, and (ii) ensure appropriate segregation of duties by removing any administrator access to modify and delete the entries in the log server and by implementing independent monitoring by ISO of privileged administrator accounts for all domains, and (iii) develop procedures for regular reporting of review results to Director, ADB. | 30/06/2022 | In progress. |
| Audit of Outsourced Translation Services | IA/2021/5 Rec 5 | i. The Finance Branch (FIN) should clearly document the rules on commitments and communicate these to all allotment holders. ii. Languages and Publications (LP) should avoid the use of blanket DPOs for general outsourcing requirements and ensure that DPOs are issued for specified jobs with clearly defined deliverables. | 31/12/2021 | i. In progress. ii. In progress. |
| | IA/2021/5 Rec 6 | Languages and Publications (LP) should: i. Establish a reliable mechanism for recording and measuring the extent to which Quality Management is carried out for each language, and the standards achieved. ii. Report annual performance against the targets established for Quality Management. iii. Complete the evaluation of the results of the Translation Quality Audit carried out at the end of 2019 and implement any recommendations for improvement. | 31/12/2021 | i. In progress. ii. In progress. iii. In progress. |
| Evaluation of | EV/2021/1 Rec 1 | The Secretariat should finalize the Implementation Support Policy to delineate each Bureau's responsibilities and | 30/06/2022 | In progress. |

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| Technical Assistance to Member States | | improve the definition, coherence, effectiveness and efficiency of Technical Assistance projects and activities considering the issues identified in this evaluation report. | | |
| | EV/2021/1 Rec 2 | The Secretariat should develop and use clear guideline for needs assessment, planning, monitoring, and reporting of implementation support/Technical Assistance projects and activities. | 31/12/2022 | In progress. |
| | EV/2021/1 Rec 4 | The Secretariat should review the existing process of managing and allocating voluntary funds and address the current low level usage of funds mobilized for Technical Assistance. Allocation of Funds for technical assistance activities and small projects through the annual Regional and Bureau Operating Plans could be considered. | 30/09/2022 | In progress. |
| | EV/2021/1 Rec 5 | In addition to the existing Voluntary Funds, the Secretariat should strengthen the financial sustainability of its Technical Assistance support by formulating well-designed project proposals and diversifying its donor base through advocacy and resource mobilization with States, International Financial Institutions, Multilateral Development Banks and the private sector including through local resource mobilization and engagement with the UN at country / regional levels. Use of Voluntary Funds as seed money to mobilize additional resources could also be considered. | 31/12/2022 | In progress. |
| Audit of the Aviation Safety Audit Process | IA/2021/6 Rec 1 | To increase transparency and mitigate risks, ANB should analyze the programme budget requirements in order to present a clear and fully costed budget proposal to the Council to ensure sufficient and stable funding for the USOAP CMA programme in the 2023 to 2025 regular programme budget. | 31/01/2021 | In progress. |
| | IA/2021/6 Rec 2 | ANB should work together with HR to identify a suitable form of contractual agreement to engage those individuals for specific, short-term tasks, who have already been pre-assessed and are part of an established roster. | 31/12/2021 | In progress. |
| | IA/2021/6 Rec 5 | MO should: i. Re-evaluate the calculation of the EI score in line with recommendations of the GEUSR to maintain its | 30/06/2022 | i. Update on 03-11-2021: Two MO staff members assigned transformational |

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| | | relevance and to provide a more accurate reflection of the current status of aviation oversight in a State. Options could include combining it with other measures, and/or to report separate EI scores for the different elements of the level of safety oversight in a State. ii. Establish a policy on the maximum length of time between audits, and a maximum period for which a CAP will be considered relevant for validation, to ensure that the EI score for all States remains more up to date. | | activities conducted a meeting to discuss the status of activities related to EI scores on 26 October 2021. It was determined that the overall EI would remain unchanged as it is incorporated as part of the USOAP already. A discussions regarding the calculation of the Priority PQ EI will occur at the 10 November 2021 GEUSR Steering Committee Meeting. Discussions regarding the Implementation EI will occur in early Q1 of 2022 to avoid the introduction of several major changes to the USOAP simultaneously. Planning is ongoing regarding communication needs for ICAO HQ, the Regional Offices, and the States prior to the incorporation of the new EI metrics. ii. In progress. |
| | IA/2021/6 Rec 6 | MO, together with the regional offices, should review and reassess the current process for evaluating the initial acceptability of a CAP and any future CAP updates with a view to streamlining the process and thereby reducing the resources required for this work. | 31/12/2022 | In progress. |
| Audit of Education Grant Entitlement | IA/2021/7 Rec 1 | ADB should conduct a cost benefit analysis to assess whether the expatriate benefits to staff members who acquired permanent residence status, need to be aligned with the prevalent UN practice, considering financial materiality and any future cost savings. Any amendment should ensure that the staff members currently benefiting from these entitlements are not adversely impacted. | 31/12/2022 | In progress. |
| | IA/2021/7 Rec 2 | ADB, in coordination with FIN, should ensure that (a) education grant advances are immediately recovered in full if staff members fail to submit their claims within three months of the end of the academic year without any legitimate reason; (b) SEA to provide a statement to FIN on the recovery of all advances not settled and for which a recovery must be made; and no further advances should be | 30/09/2022 | In progress. |

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| | | payable to staff who have failed to settle their previous claim(s); and (c) the procedures on education grant need to be revised to include steps explaining the handling of advance payments and final settlement of grant amount. | | |
| Audit of Medical Services | IA/2021/8 Rec 1 | ADB should develop Administrative Instructions on occupational safety and health for the Organization which, inter alia should identify the primary objectives, roles and responsibilities, and activities of the medical clinic covering all aspects of occupational safety and health in line with the practice adopted by UN common system organizations. | 30/09/2022 | In progress. |
| | IA/2021/8 Rec 2 | ADB, under the direction of the Council and in coordination with relevant ICAO units, should draw up a plan to transform the ICAO medical clinic into a medical service provider focusing on Occupational Safety and Health (OSH) services of high quality in line with UN good practice. Since the discontinuation of the current practice of providing family physician services to staff members, Council delegations and their dependents may lead to difficulties because of long waiting times in registering with an outside family physician, transitional measures should be adopted to facilitate for a smooth transition. | 31/12/2022 | In progress. |
| | IA/2021/8 Rec 3 | ADB should review and update Staff Rule 106.2 on sick leave and set a maximum limit on the number of sick leave days which the medical clinic can certify and issue sickness certificates. This should be implemented to ensure alignment with UN practice so that no conflicts of interest arise when the medical clinic performs secondary independent reviews of prolonged and recurrent sickness cases. | 31/01/2022 | In progress. |
| | IA/2021/8 Rec 4 | ADB in close cooperation with LEB and FIN, (i) Should review ICAO's existing practice of paying for RAMQ subscription as well as CIGNA medical insurance for staff members. The review should inter alia include an assessment of existing legal provisions, a cost benefit analysis of the existing practice, and available realistic options for the Organization, (ii) Explore ways of reducing | 31/12/2022 | In progress. |

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| | | the cost of contributions to RAMQ including renegotiating the terms of the Understanding with the Government of Quebec in this regard with a view to improving access and delivery of high quality healthcare services while reducing the associated costs. | | |
| | IA/2021/8 Rec 5 | ADB should update (a) the rules for independent secondary reviews of prolonged and recurrent sickness. The instructions should specify the mandatory requirement for a secondary review and the obligation of staff members to submit medical reports to the clinic when sick leave exceeds a prescribed limit, (b) the Personnel Instructions to include the eligibility of combining annual leave with certified sick leave on half pay in line with the UN good practice. | 31/01/2022 | In progress. |
| | IA/2021/8 Rec 6 | ADB should (a) assess the staffing and resource requirements of the ICAO medical clinic to enable it to provide the necessary occupational safety and health services; (b) explore the possibility of engaging third party private medical service providers on framework agreements to improve the access and quality of healthcare services provided to ICAO staff and other beneficiaries. | 31/12/2022 | In progress. |
| | IA/2021/8 Rec 7 | ADB should conduct a root cause analysis of staff absenteeism due to long term sickness and identify areas for improving overall monitoring, internal communication between line managers and staff members, reporting on sick leave and taking appropriate HR measures to improve the work environment and staff morale and hence performance. | 30/09/2022 | In progress. |
| | IA/2021/8 Rec 8 | ADB, in close cooperation with relevant offices, should review all cases where special leave with full pay has been granted for long periods and propose appropriate action and in case of non compliance, fully document the circumstances and send it to the competent authority for appropriate action. | 31/03/2022 | In progress. |
| | IA/2021/8 Rec 9 | ADB should review the status of the digitization of medical records of staff members and establish a timetable for completion of this work. | 31/12/2022 | In progress. |

APPENDIX B

STATUS OF IMPLEMENTATION OF OIO RECOMMENDATIONS

Chart B1 – Outstanding recommendations by organizational unit

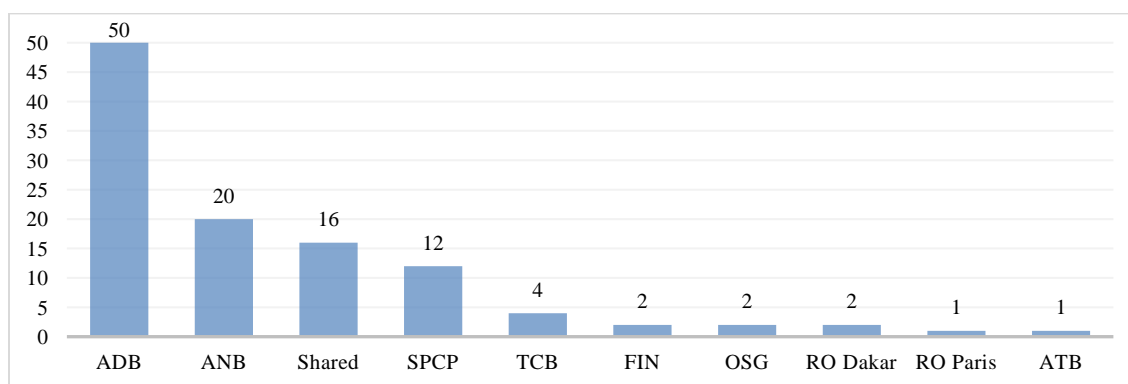


Chart B2 – Overdue recommendations vis-à-vis target date, by organizational unit

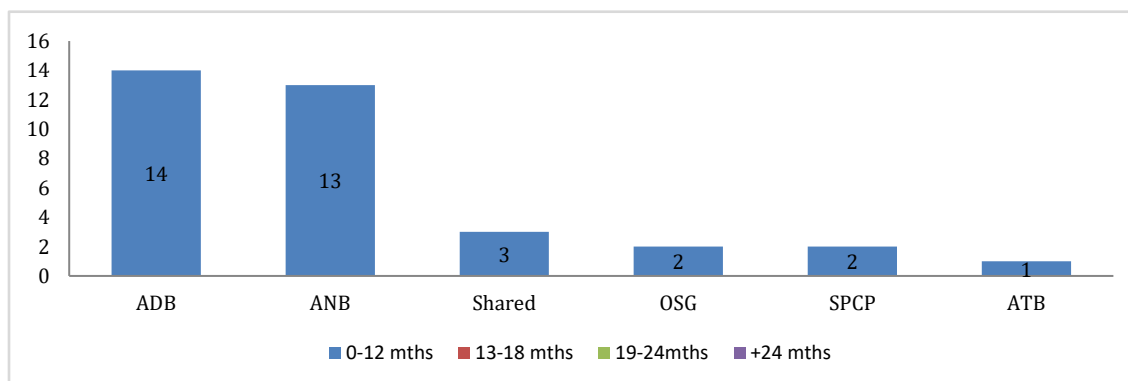


Chart B3 – Recommendations with revised target dates, by organizational unit

| Organizational Unit | Target date revised once | Target date revised twice | Target date revised three or more times | Total |
|---------------------|--------------------------|---------------------------|---|-----------|
| ADB | 10 | 9 | 6 | 25 |
| ANB | 13 | | | 13 |
| ATB | | | 1 | 1 |
| FIN | 1 | | | 1 |
| OSG | | | 1 | 1 |
| RO Dakar | | 2 | | 2 |
| RO Paris | | | 1 | 1 |
| Shared | 2 | | 2 | 4 |
| SPCP | 3 | | | 3 |
| TCB | 1 | 1 | | 2 |
| Total | 30 | 12 | 11 | 53 |

APPENDIX C

ADVISORY SERVICES PROVIDED IN 2021

1. Agreement between ICAO and OIOS
2. Anti-fraud Anti-corruption (AFAC) Policy
3. ARGF Staffing
4. Procurement of a Passport Issuance System for Honduras
5. Engagement of a Third Party to Implement the Information Security Roadmap
6. Revision of the ICAO Financial Regulation
7. Advice on RBM concepts and implementation

APPENDIX D**DELAYS IN COMPLETING THE MANAGEMENT ACTION PLAN AND FINALIZING THE
REPORT**

| Assignment Title | Delay in Days |
|---|----------------|
| Audit of the Classification Process | 155 |
| Audit of the Management of Voluntary Funds | 117 |
| Audit of Staff Performance Management | 94 |
| Audit of IT Logical Access Controls | 45 |
| Audit of Outsourced Translation Services | 77 |
| Evaluation of Technical Assistance to Member States | 66 |
| Audit of the Aviation Safety Audit Process | 50 |
| Audit of Medical Services | 36 |
| Audit of the Education Grant Entitlement | 14 |
| Average | 73 days |

APPENDIX E

JIU REPORTS PRESENTED TO THE COUNCIL IN 2021

1. Review of staff exchange and similar inter-agency mobility measures in United Nations system organizations (C-WP/15166).
2. Review of contemporary practices in the external outsourcing of services to commercial service providers by United Nations system organizations (C-WP/15217).
3. Review of the state of the investigation function: progress made in the United Nations system organizations in strengthening the investigation function (C-WP/15218).
4. Policies and platforms in support of learning: towards more coherence, coordination and convergence (C-WP/15219).
5. United Nations common premises: current practices and future prospects (C-WP/15220).
6. Enterprise risk management: approaches and uses in United Nations system organizations (C-WP/15221).

— END —