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Internal Audit Report
on the
Anti-Fraud and Anti-Corruption Program

IA/2025/04

Office of Internal Oversight

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Draft issued:	23 09 2025
Management Action plan completed:	24 10 2025
Final report issued:	12 11 2025

ACRONYMS

ACFE	Association of Certified Fraud Examiners
AMLF/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
BPOs	Business Process Owners
COSO	Committee of Sponsoring Organizations of the Treadway Commission. An initiative that provides thought leadership and frameworks for organizations to improve internal controls, enterprise risk management, and fraud deterrence. COSO is best known for its Internal Control—Integrated Framework, which is widely used to design, implement, and assess the effectiveness of internal controls.
CRR	Corporate Risk Register
EAAC	Evaluation and Audit Advisory Committee
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
FATF	Financial Acton Task Force
FDP	Financial disclosure programme
FRA	Fraud Risk Assessment
HQ	Headquarters
HR	Human Resources
ICT	Information and Communication Technology
IOAG	Inter-Office Advisory Group
ITC	International Trade Centre
JIU	Joint Inspection Unit
KPI	Key Performance Indicator
OIO	Office of Internal Oversight
RO	Regional Office
SIC	Statement of Internal Controls
SLPDM	Specialist, Administrative Law, Policy and Disciplinary Matters
UN	United Nations
UN-OIOS	The Office of Internal Oversight Services of the United Nations

CONTENTS

EXECUTIVE SUMMARY

1. As part of its annual work plan for 2025 (C-WP/15634), the Office of Internal Oversight (OIO) carried out a maturity assessment of ICAO's Anti-Fraud and Anti-Corruption (AFAC) Program. The audit was conducted in conformance with the Global Internal Auditing Standards of the Institute of Internal Auditors.

2. The objectives of the audit were to assess the (i) Governance: roles, responsibilities, capacity and resources, as well as instilling and enacting an anti-fraud and anti-corruption culture; (ii) Adequacy of anti-fraud and corruption policies and guidelines, including implementation progress, achievements, and gaps; and (iii) Cost-effectiveness of anti-fraud/anti-corruption risk management and related preventative, detective and corrective controls. The key aim of the audit was to provide recommendations to management to advance organizational maturity in anti-fraud and anti-corruption efforts.

3. The assessment included benchmarking with the elements of the United Nations Joint Inspection Unit's (JIU) AFAC assessment from 2016, practices of UN-system organizations of similar size/magnitude and components of the Enterprise Anti-Fraud Maturity Assessment Model (Maturity Model)[1]. The Maturity Model and the JIU Criteria are aligned as the models complement each other, while the Maturity Model sets the maturity level. OIO rated each component using the five-point scale from the Maturity Model to assess ICAO's advancement with respect to anti-fraud and anti-corruption. Refer to Annex 3 for the definitions of the Maturity Model.

4. In this report, fraud and corruption are used interchangeably, and fraud is used for both categories of misconduct.

Audit opinion and overall audit rating

5. Based on the results of the audit, OIO has given an overall audit rating of **_Level 2: Initial_**, including the following Fraud Risk Components maturity levels:

Table 1 – Comparison of current and target level maturity

Fraud Risk Component	Current level	Target level
1. Fraud Risk Governance	Level 2: Initial	Level 4: Managed
2. Fraud Risk Assessment	Level 1: Ad hoc	Level 3: Repeatable
3. Fraud Control Activities	Level 2: Initial	Level 3: Repeatable
4. Fraud Investigations and Corrective Actions	Level 3: Repeatable	Level 4: Managed
5. Fraud Monitoring Activities	Level 2: Initial	Level 3: Repeatable

6. OIO believes that the above target maturity levels are reasonable and feasible to achieve within a two-year period. Improvement in key areas is subject to strong senior leadership and tone at the top to articulate management's vision of integrity and an anti-fraud and anti-corruption culture. Effectively managing the AFAC program could prevent potential financial loss, sustain Member States' confidence, reduce time spent dealing with misconduct issues, and increase personnel's motivation.

7. To complement the Maturity Model, OIO also assessed the implementation of the JIU report _"Fraud Prevention, Detection and Response in United Nations System Organizations"_ (JIU/REP/2016/4). Out of the 15 JIU criteria, 5 were assessed by OIO as achieved, while 6 were partially achieved and 4 were not yet achieved, which included appointing a designated coordinator for the AFAC program, undertaking corporate fraud risk assessments, having measurable Key Performance Indicator (KPI)s for the investigative function and preparing an AFAC implementation strategy and action plan to operationalize and integrate the AFAC

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[1] Grant Thornton's Enterprise Anti-Fraud Maturity Assessment Model©, presented within the ACFE's Anti-Fraud Playbook.

program with the existing Enterprise Risk Management (ERM) system. According to Management, 13 of the 15 JIU criteria were implemented. The detailed assessment is available in Annex 2.

Key achievements and good practices

8. There are several achievements and good practices adopted in ICAO's anti-fraud and anti-corruption journey:

    - ICAO's current approach is in line with the UN System-wide Anti-Corruption Framework.

    - ICAO has approved relevant policies, frameworks, and guidelines which set broad expectations in managing fraud and corruption. These include the Framework on Ethics, last revised in 2022; the ERM Framework, issued in early 2021; the AFAC policy revised in 2021; the revised Procurement Code, issued in 2021, Standards of Conduct for the International Civil Service, fully endorsed by the ICAO Council in 2022; the Vendor Sanctions Policy, last revised in 2023, etc.

    - Additionally, several AFAC-related fact sheets, such as No Gifts, Financial Disclosure, Protection Against Retaliation, AFAC, etc. and other outreach materials were issued by the Ethics Office and are available to all personnel at both Headquarters and in the Regional Offices.

    - ICAO undertook its first anti-fraud awareness campaign in 2024, with another planned for Q4 of 2025.

    - There are routine Ethical Awareness Messages sent to all personnel to remind them of upholding their ethical commitments to ICAO. Also, Brown Bag awareness sessions for personnel were initiated in 2024 by the Specialist, Administrative Law, Policy and Disciplinary Matters (SLPDM).

    - There is a suite of mandatory Ethics, Integrity and AFAC trainings rolled out by the Ethics Office, which are applicable to all ICAO personnel.

    - The appointment of an independent Ombudsperson in November 2024, and the establishment of the Inter-Office Advisory Group (IOAG), in October 2024 are positive steps to frame ICAO's commitment to maintain a workplace where all ICAO personnel are committed to upholding principles and values as well as the highest standards of conduct. The IOAG was established to exchange information among relevant stakeholders and promote the prevention of workplace conflict and abusive conduct, and advise the Secretary General, as appropriate.

Elements to be in place to demonstrate higher maturity:

9. To advance to the next level of maturity, OIO summarised the key observations with recommendations:

    - **Governance:** ICAO has an AFAC Policy, but needs to clarify authority, responsibility and business process ownership for leading anti-fraud efforts in the Organization and needs a plan to operationalize the AFAC Policy. *OIO recommends formally assigning responsibility to an appropriate Coordinator with clear accountability, authority and resources to lead the implementation of the AFAC Program and coordinate its governance, fraud risk assessment, and monitoring with the necessary support and engagement from other contributing business process owners along the three lines model.*

    - **Fraud risk assessment (FRA):** Risk assessment processes have improved with the introduction of the ERM Framework. However, the Corporate Risk Register (CRR) and individual Bureau and Regional Office Risk Registers need to be updated to include specific fraud risks, following a comprehensive FRA which has not yet been conducted as of to-date. *OIO recommends that the AFAC Coordinator and ERM Officer integrate a process for periodic FRAs across all business units and functions with the ERM system, with related fraud risk libraries. Moreover, the FRA should guide policy design or updates for a particular process and related controls.*

    - **Anti-fraud and anti-corruption control activities:** There are several mandatory ethics and integrity trainings and proactive communications from the Ethics Office; as well as controls embedded in different processes. OIO cannot confirm the effectiveness of the anti-fraud and anti-corruption controls without a comprehensive FRA, data analytics on red flags and exception reports. Moreover, limited allegations of fraud and corruption in the last three years, as per the Annual Reports of Investigative Entity on cases of misconduct handled on behalf of ICAO, might indicate that ICAO's efforts may be insufficient to identify

red flags, including training, awareness, proactive analysis and management oversight. *OIO recommends that, as part of management assurance, the AFAC Coordinator devise a fraud data analytics training and continuous oversight approach, including reports of red flags and policy exceptions and a digital library of counter-fraud and corruption controls.*

- **Fraud investigations and corrective actions:** ICAO's independent investigation function is outsourced to the UN Office of Internal Oversight Services (UN-OIOS). Currently, the investigation process appears above the average timeframe with limited KPIs to measure performance and cost-effectiveness. *OIO reiterates the recommendation from the Evaluation and Audit Advisory Committee (EAAC) per its 2023-2024 Annual Report (C-WP/15633) to review the cost-effectiveness and benefits of continuing the investigation provision with UN-OIOS. Moreover, OIO strongly advises management to streamline the internal resources and processes related to investigations and corrective controls.*

- **Monitoring the effectiveness of the AFAC program:** ICAO has not yet developed or approved a formal fraud/corruption risk monitoring approach which could provide central-level visibility on trends in fraud activities across portfolios and trigger an appropriate response. *OIO recommends consolidating the AFAC monitoring activities by integrating these elements in existing policies, regularly measuring the effectiveness of the AFAC program and reporting on this to its governing bodies. This should include the responsibility of individual policy and process owners to monitor their policies and procedures and provide feedback to the AFAC Coordinator.*

10. OIO made six recommendations of which three are ranked high priority. OIO also reiterated one EAAC recommendation from the EAAC 2023-2024 Annual Report (C-WP/15633). The Management Action Plan is available in Annex 1. **OIO and Management agreed that the first step will be for Management to facilitate and document an AFAC risk assessment in 2026. Based on these results, an action plan for the remaining recommendations will be prioritized.** Low priority issues are not included in this report but, if identified, were discussed directly with management and actions have been initiated to address them.

Acknowledgement

11. OIO wishes to thank management and all personnel for their assistance and cooperation during the audit.

BACKGROUND

Introduction

12. An AFAC program can be generically understood as the set of policies, procedures, guidance, practices, controls, as well as culture and actions, that prevent, detect and correct fraud and corruption. ICAO's Anti-Fraud and Anti-Corruption Policy (the AFAC Policy) was revised in November 2021.

13. ICAO's AFAC Policy is based on and reflects the principles set out in the ICAO Service Code, the ICAO Framework on Ethics, the International Civil Service Commission (ICSC) Standards of Conduct for International Civil Service, the ICAO Procurement Code, and the ICAO Vendor Sanctions Policy. This Policy also reflects the principles underlying the United Nations Convention against Corruption.

14. The objectives of the Policy are to ensure that:
    - ICAO takes robust and proactive measures to prevent fraud and corruption;
    - ICAO staff members and non-staff personnel adhere to the highest standards of integrity;
    - Contractual arrangements and partnerships with suppliers, other contractors and cooperating partners are not tainted by fraud and corruption;
    - Fraud and corruption are promptly detected and reported, and are subjected to an independent investigation;
    - Any staff member or non-staff personnel found to have engaged in fraud and corruption shall be subject to appropriate sanctions in line with the provisions of the ICAO Framework on Ethics; and
    - Required action is taken to recover misappropriated funds or losses caused by fraud and corruption.

15. The Policy seeks to prevent fraud and corruption through (i) sound and robust system of internal controls and risk management; ii) staff training and awareness; iii) due diligence practices in the recruitment of staff members, non-staff personnel, and the hiring of contractors; and iv) effective and timely implementation of oversight recommendations.

16. The Policy refers to "fraud and corruption" or "proscribed practices" as follows:
    - **Fraudulent practice** is any act or omission, including any misrepresentation, that knowingly misleads, or attempts to mislead, a person or entity to obtain any financial or other advantage or benefit or to avoid any obligation.
    - **Corrupt practice** is the offering, giving, receiving or soliciting, directly or indirectly, or attempts to do so, of anything of value to influence improperly the actions of another party.
    - **Collusive practice** is an arrangement among two or more parties designed to achieve a self-serving or improper purpose, including but not limited to influencing improperly the actions of another party or price-fixing.
    - **Coercive practice** is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
    - **Obstructive practice** is: i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a duly authorized investigation into allegations of corrupt, fraudulent, collusive or coercive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or ii) acts intended to materially impede the exercise of ICAO's contractual rights of access to information.
    - **Favouritism practice** is giving special treatment to a person or group, usually at the expense of another person or group, in contravention of ICAO policies that require decisions to be made in the best interests of the Organization.
    - **Nepotism** giving advantage or showing favouritism to relatives or members of one's circle, regardless of merit.

Audit objectives

17. The objective of the review was to assess the maturity of ICAO's AFAC program (including policies, procedures, guidelines) on fraud and corruption and position the organization along a maturity level scale for further improvement.

18. Specifically, the engagement reviewed ICAO's AFAC program against the five components of the Enterprise Anti-Fraud Maturity Assessment Model (Maturity Model)[2]. The review also included a benchmarking to the JIU AFAC elements. The Maturity Model and the JIU AFAC Criteria are aligned as the models complement each other, while the Maturity Model sets the maturity level.

19. The key aim of the audit was to provide evidence-based and cost-effective recommendations to management to advance organizational maturity in anti-fraud efforts. This is the first audit of the AFAC policy and program in ICAO.

Scope and methodology

20. The maturity model includes a five-point maturity scale for each of the below components. The main areas covered under each of the five components are (figure 1):

- **Fraud Risk Governance:** this included AFAC policies, procedures, senior management's commitment and support to the existing AFAC program, the assignment of responsibilities to various stakeholders to provide governance, communication around fraud risk across the organization, and fraud risk culture.
- **Fraud Risk Assessment:** this included the assessment of fraud risk in ICAO internal processes and its operations at the regional level.
- **Fraud Control Activities:** the design and execution of existing processes to prevent and detect fraud.
- **Fraud Investigations and Corrective Actions:** cost effectiveness of outsourcing investigations as well as investigation and actions taken after fraud cases are confirmed.
- **Fraud Monitoring and Reporting Activities:** this includes fraud reporting, monitoring of the fraud risk management program, and periodic management and stakeholder review of corporate and operation risks to keep risk categorizations current and relevant.

Figure 1 – Fraud Risk Components and Fraud Maturity Rating Scale
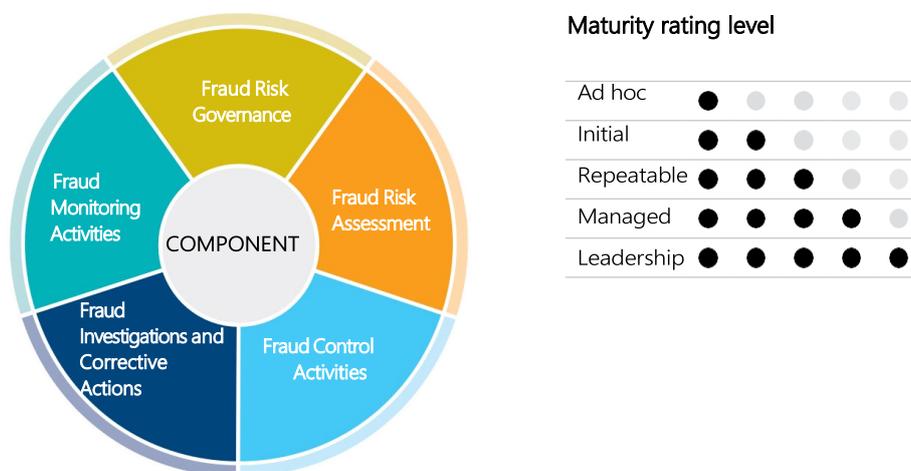
21. OIO checked practices with UN organizations of similar size/magnitude and followed up on the benchmarks per the JIU recommendations in its 2016 report *"Fraud Prevention, Detection and Response in United Nations System Organizations"*.

Scope exclusions and limitations

22. OIO could not fully assess the effectiveness of the investigations arrangements that are outsourced to UN-OIOS. However, the audit reviewed key aspects related to fraud investigations and recommended improvements in managing the service provider. Additionally, OIO did not conduct a comprehensive fraud risk assessment as it requires dedicated engagement per se, however, OIO provided areas where policies appear not fully effective to mitigate them.

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[2] Grant Thornton's Enterprise Anti-Fraud Maturity Assessment Model©, presented within the ACFE's Anti-Fraud Playbook

RESULTS OF THE AUDIT: OBSERVATIONS & RECOMMENDATIONS

Fraud risk governance

> **PRINCIPLE 1:**
>
> The organization establishes and communicates a Fraud Risk Management Program that demonstrates the expectations of the board of directors and senior management, and their commitment to high integrity and ethical values regarding managing fraud risk.

Sufficiency of AFAC-related policies and guidelines

23. ICAO has issued policies and guidance tailored to support its zero tolerance for fraud and corruption. This includes the AFAC Policy, as well as other approved policies and guidance documents relevant to addressing fraud and corruption, which demonstrate the Council's and Senior Management's commitment to integrity and ethical values (Figure 2).

Figure 2 – Main Anti-Fraud Policies and Guidelines in ICAO

Anti-Fraud and Anti-Corruption Policy

Framework on Ethics | Enterprise Risk Management and Internal Control Framework (ERM Framework) | Procurment Code | Vendor Sanctions Policy | Accountability Framework | Policy on Interactions with External Parties | Other: Protection Against Retaliation, Financial Disclosure, No Gifts, Outside Activities, AFAC. etc.

24. The Ethics Framework, last revised in 2022, demonstrates that ethics and integrity are integral to ICAO's values and sets out obligations for key stakeholders. It was further strengthened with the issuance of the ERM Framework, followed by the revision of the AFAC Policy and the Accountability Framework.

25. Additionally, ICAO has an independent oversight function (i.e. internal audit and evaluations) and an outsourced investigative function (UN-OIOS) that investigates allegations of fraud and corruption. The Ethics Office supports the design and implementation of ethics and integrity-related policies, procedures and requirements to address misconduct. The appointment of an independent Ombudsperson offers a safe place for confidential communication and the ability to discuss resources, options and processes, before deciding on how to proceed with a workplace issue, concern or conflict. The SLPDM liaises with UN-OIOS, reviews matters referred back and investigation reports, as well as makes recommendations for appropriate action. The EAAC reviews the performance of the outsourced investigations service provider as well as internal management of referrals and disciplinary cases. The financial statements of the Secretariat are regularly audited by an independent external auditor, in line with relevant international standards.

Accountability and ownership of the AFAC policy

26. While the AFAC Policy is issued, ownership and accountability for implementing it have not been formally defined, and there is no implementation plan to operationalize the AFAC Policy, including updating the policies, guidelines and tools to assess and mitigate cross-functional fraud and corruption risks within ICAO.

27. OIO notes that various anti-fraud and anti-corruption efforts and awareness were undertaken by various units, mainly the Ethics Office and, more recently, by the SLPDM, but there is a need to clarify business process ownership for leading AFAC efforts in the Organization, and related authority, responsibility and resources. Determining the owner(s) for implementing the AFAC program is critical to promptly addressing any implementation challenges or bottlenecks. It should be noted that due to its independent nature, the Ethics Office may not be able to take on such tasks.

Recommendation 1 (High Priority)	Ownership and implementation of the AFAC Policy
The Office of the Secretary General should formally assign responsibility to an appropriate Coordinator with clear accountability, authority and resources to implement the overall AFAC Program and coordinate its governance, fraud risk assessment, and monitoring with the necessary support and engagement from other contributing business process owners along the three lines model.	

Adequacy of and Gaps in Existing Policies

28. The current AFAC Policy does not address specific fraud and corruption risks, nor does it reference other relevant policies for further guidance. Effective mitigation of these risks requires cross-functional integration, but alignment between the AFAC Policy and other process-specific policies (such as project management, procurement, recruitment, duty travel, asset management, and benefits) remains limited. While some ICAO policies, like the Procurement Code and HR Recruitment, contain good practices, many lack explicit guidelines to prevent, detect, and minimize fraud and corruption risks.

29. Since the AFAC Policy was issued, ICAO has launched several initiatives that impact the policy and highlight the need for updates. Notably, the AFAC Policy does not reference the ERM and Internal Control Framework or the Accountability Framework as upstream policies, nor does it connect to downstream operational policies. It also lacks guidance on monitoring fraud and corruption risks, which is essential for a robust AFAC program (see Figure 3).

Figure 3 – ACFE Fraud Risk Management Cycle

Source: ACFE

30. Key areas for enhancement include:
    - Defining theft and misappropriation within the policy.
    - Clarifying the relationship between the AFAC Policy and other policies/frameworks.

- Structuring the policy around Fraud Prevention, Detection, Reporting, and Response.

- Specifying roles and responsibilities for risk owners, business process owners, and governing groups, beyond the general staff category.

31. A significant gap is the absence of clear criteria to help personnel recognize and report different types of fraud or corruption. Although wrongdoing should be reported to UN-OIOS, there is insufficient guidance on how to do so. The ERM Framework mentions risk monitoring roles but does not specifically address fraud and corruption risk monitoring.

32. OIO has observed a lack of awareness among personnel regarding how and where to report misconduct, leading to inconsistent reporting and potential under-reporting of fraud. This might have reflected in the low number of fraud or corruption investigations in recent years.

33. Recent developments aimed at addressing these issues include:

- Brown Bag awareness sessions (2024)

- A forthcoming roadmap for reporting fraud and misconduct

- The launch of mandatory AFAC training for all staff (November 2024)

- AFAC awareness campaigns and brochures (2024, with another planned for Q4 2025)

34. Additionally, the AFAC Policy and related policies do not address Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) risks. International standards, such as those recommended by the Financial Action Task Force (FATF), call for organizations to implement safeguards against money laundering and terrorist financing. Benchmarking shows that 10 out of 11 UN entities have AML/CFT policies or guidelines in place.

Recommendation 2 (High)	Operationalize the Anti-Fraud and Anti-Corruption Policy
The AFAC Coordinator should coordinate the AFAC program implementation strategy and operationalization of the AFAC Program, including mapping of related policies and updating the AFAC Policy or issuing an Administrative Instruction (AI), on provisions on AML and CFT, as well as cover the definitions of theft, misappropriation, money laundering and other unethical practices.	

Integrity and anti-fraud culture

35. OIO reviewed the effectiveness of undertaking AFAC activities and noted the following:
   - **Leadership Dialogue:** The Leadership Dialogue is a yearly initiative aimed at engaging managers and supervisors in conversation with their direct reports regarding the ethical challenges personnel face in their day-to-day work and to explore how to handle such challenges, including ethical decision-making and where to get assistance. In addition to providing a constructive space where staff and personnel can express their ethical concerns, the Leadership Dialogue is also an important avenue for management to build trust and confidence with their staff and personnel and to demonstrate their commitment to ethical leadership. ICAO needs to sustain this initiative.
   - **Financial disclosure programme (FDP):** The ICAO FDP provides a mechanism to identify, mitigate, and manage actual, potential, or perceived conflicts-of-interest risks arising from personnel's personal financial holdings, assets, liabilities, investments, economic activities, affiliations and outside activities, and those of their family members. The number of participants in the FDP has gradually increased over the last five FDP exercises – from 162 in 2021 to 264 personnel in 2025, including staff members, consultants, and secondees. It was decided to expand the FDP population to new categories of staff who, by nature of their functions, are exposed to interactions with third parties and those involved in the due diligence process established under the ICAO *Policy on Interactions with External Partie*s.
   - **Mandatory training:** ICAO has developed several training courses on ethics, anti-fraud and integrity, which are mandatory for personnel at all levels. At present, all these trainings have been taken on and rolled out by the Ethics Office. The following are the mandatory trainings directed at AFAC (mandatory training on the prevention of sexual misconduct is excluded).

- o Leading at ICAO with Ethics
- o Protection against retaliation at ICAO
- o ICAO Regulatory Framework on Ethics and Compliance
- o Ethics and Integrity at ICAO
- o Protection Against Retaliation at ICAO for Managers and Supervisors
- o Anti-Fraud and Anti-Corruption Awareness at ICAO
- o Conflicts of Interest for Managers and Supervisors
- • **Communication and information sharing:** there are regular reminders from the Ethics Office and, more recently, awareness sessions conducted by the SLPDM covering various topics such as Fraud and Corruption, Sexual Misconduct, Racism and Racial Discrimination, Misconduct, principles and values, standards of conduct, conflicts of interest, acceptance of gifts, engagement in outside activities, etc.

36. The review noted high levels of communication and awareness on anti-fraud and anti-corruption, ethics and similar initiatives in the last two years. Mandatory ethics and AFAC training have been rolled out and are tracked, however, not all mandatory trainings were completed by the required personnel by the specified date, see table 2 below.

Table 2 – ICAO mandatory trainings related to ethics, fraud, misconduct and/or similar as of 30 June 2025

Training	Target Audience	Timeframe for recommended completion	Completion Rate
Leading at ICAO with Ethics	All managers and supervisors	None indicated	90%
Protection Against Retaliation at ICAO	All staff and personnel	31 Aug 2023	93%
ICAO Regulatory Framework on Ethics and Compliance	All staff and personnel	15 Oct 2023	91%
Ethics and Integrity at ICAO	All staff and personnel	15 May 2024	78%
Protection against retaliation for all supervisors and managers	All managers and supervisors	31 July 2024	45%
Anti-Fraud and Anti-Corruption Awareness at ICAO	All staff and personnel	15 Jan 2025	68%
Conflict of Interest for Managers and Supervisors	All managers and supervisors	30 May 2025	26%

Source: Data provided by HR as of 30 June 2025

37. As risk owners, managers are responsible for preventing and detecting fraud or corruption, or, when an investigation is warranted. Currently, ICAO does not have any AFAC training aimed specifically at managers. Some organizations have induction training programs for management or champions, with annual or periodic updates, to train managers on how to conduct fraud risk assessment, set up the AFAC plan, identify the red flags, raise awareness among their teams, and handle reports of fraud or corruption.

Recommendation 3 (Medium Priority)	AFAC training and accountability
The AFAC Coordinator should (a) take accountability for leading AFAC awareness and compliance initiatives; and (b) develop a mechanism to train managers, monitor compliance with the AFAC training and institute accountability measures for non-completion of mandatory training.	

Fraud risk assessments

PRINCIPLE 2:

The organization performs comprehensive fraud risk assessments to identify specific fraud schemes and risks, assess their likelihood and significance, evaluate existing fraud control activities, and implement actions to mitigate residual fraud risks.

Fraud risk assessments not performed

38. The ERM function coordinates the updating of the CRR, with Bureaus and ROs also responsible for maintaining their own risk registers. Upon review of the CRR and other risk registers, OIO noted that fraud and corruption are only marked as a broad, generic category – there are no specific fraud or corruption risks identified in these risk registers. At present, ICAO does not have a formalized, recurring fraud risk assessment FRA process. No dedicated FRA has been conducted, nor has there been any systematic mapping of controls focused on inherent risk. This was also confirmed in different audit engagements during 2024-2025.

39. With missing fraud risk assessments from headquarters units, regional offices, and business process owners, the ICAO's risk assessment and fraud mitigation strategies remain incomplete. **This is also an indication that the JIU recommendations related to corporate risk assessment and AFAC strategies have not yet been properly implemented (see Annex 2)**. Moreover, reliance on manual risk management processes limit management's ability to holistically analyze cross-functional risks; assess risk management actions on common gaps; or identify risks that may otherwise go unnoticed. For example, recurring inherent corruption or fraud risks in procurement, project management, official travel, staff benefits and entitlements or consultant recruitment processes could not be easily identified in the risk registers. Improvements need to be focused on investing in an online risk management system in terms of categorizing, recording, consolidating, and analyzing the results for an integrated AFAC program; engaging Bureaus and Offices to identify and manage their specific fraud and corruption risks beyond standard/generic risks; and requiring specific fraud risk assessments.

40. Performing fraud risk assessments, including identifying AFAC controls for key functions and/or processes, is critical to supporting ICAO's objectives. This approach is also aligned with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) principles on an adequate internal control framework. Without such assessments, there is a risk that efforts will only focus on meeting minimum compliance requirements rather than addressing the most significant inherent risks in individual processes and offices and undermine substantial actions and awareness in combating fraud and corruption.

41. To enhance the risk management posture, **management should enhance the ERM function's organizational position, role, accountability, authority and capacity to include dedicated fraud risk assessments.** This would assist senior management in fostering a robust risk management culture and risk-informed decision-making. **OIO also observed that reporting on AFAC program implementation is not recurring, even though the JIU report recommended that governance bodies should have a standing agenda item on anti-fraud.**

Recommendation 4 (High Priority)	Conduct periodic fraud risk assessments
The AFAC Coordinator and ERM Officer should integrate a process for periodic fraud risk assessments across all business units and functions, in the ERM system with related fraud risk libraries. Moreover, the FRA should guide policy design or updates for a particular process and related controls.	

Fraud control activities

> **PRINCIPLE 3**
>
> The organization selects, develops, and deploys preventive and detective fraud control activities to mitigate the risk of fraud events occurring or not being detected in a timely manner.

42. Overall, fraud prevention and detection controls in ICAO should be strengthened. OIO notes that the AFAC Policy can be better aligned with operations-related policies such as HR, official travel, asset management, project implementation, including recruitment of field personnel and state procurement, etc. The policies do not include references to AFAC issues because there is no corporate requirement to consider this during policy design. **OIO advises management to strengthen policy design based on fraud risk assessments conducted by business process owners, which will improve the adequacy of related policies.**

Automated fraud prevention and detection controls

43. ICAO's approach to fraud and corruption prevention controls relies on several foundational controls, including supplier due diligence, procurement, recruitment and contracting processes, financial reconciliations, annual attestations from senior management for the compilation of the statement of internal control and mandatory training. While these measures are in place, the integration of automated fraud prevention and detection capabilities remains incomplete.

44. Although Recommendation 10[3] of the 2016 JIU report on Fraud Prevention, Detection and Response in the UN System (JIU/REP/2016/4) called for the UN system organizations to embed proportionate fraud prevention and detection functionalities within their ERP systems, ICAO has yet to fully implement these features in its new ERP (Quantum). Many of the fraud detection and prevention capabilities of Quantum and related systems and databases are not yet set up and used to monitor fraud risks. **This makes it difficult to conclude on the overall effectiveness of AFAC controls.** To strengthen its AFAC framework, ICAO should maximize the use of automated controls within its ERP, including developing an AFAC data analytics strategy; consolidating efforts for continuous monitoring; enforcing delegation of authority limits within the system; generating reports on potential red flags, exceptions, and deviations.

Management oversight and assurance

45. Effective management oversight is essential for ongoing monitoring of compliance, exceptions, and early identification of emerging risks. Currently, ICAO does not have a mature second-line monitoring culture and function in several processes, resulting in an over-reliance on the third line oversight functions like OIO for providing assurance. This creates a risk that certain fraud and corruption risks may not be timely identified and adequately monitored by management. **Additionally, ICAO's increasing use of third-party service providers for various activities and operations underscores the need for robust governance and risk management related to AFAC controls, including clear provisions for service performance, monitoring and assurance provisions.**

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[3] *The executive heads of the United Nations system organizations should ensure that proportionate fraud prevention and detection capabilities are an integral part of automation systems' functionalities, including automated activity reports and data‐mining modules in their respective enterprise resource planning systems (ERPs).*

Recommendation 5 (Medium Priority)	Automation of fraud prevention and detective controls
As part of management assurance, the AFAC Coordinator should devise a fraud data analytics training and continuous oversight approach, including reports of red flags and exceptions from their policies, and a digital library of counter-fraud and corruption controls.	

Fraud investigations and corrective actions

> **PRINCIPLE 4:**
>
> **The organization establishes a communication process to obtain information about potential fraud and deploys a coordinated approach to investigation and corrective action to address fraud appropriately and in a timely manner.**

46. In its recent annual report, EAAC recommended that ICAO review the cost-effectiveness and overall benefits of its current arrangement for conducting investigations, which is provided by an external oversight body. This recommendation also highlighted the importance of improving the flow of case information between ICAO and the external provider to enhance efficiency and ensure effective resolution of cases. In response, ICAO management has undertaken benchmarking with other UN organizations to assess the best practices and identify optimal investigation models.

Established whistleblowing policy and systems to report fraud

47. ICAO maintains robust mechanisms for reporting concerns related to fraud, misconduct or other prohibited practices. Staff and stakeholders can report issues anonymously, and protections against retaliation are in place to encourage early and open reporting or cooperate with a duly authorized investigation or audit in this area. The Ethics Office and the SLPDM regularly promote awareness and provide training materials to help personnel recognize and report misconduct.

Investigation of alleged fraudulent practices

48. Since January 2022, ICAO's independent investigation function has been outsourced to an external oversight service, the UN Office of Internal Oversight Services (OIOS). The arrangement covers investigations involving ICAO personnel and other relevant parties. UN-OIOS is the formal channel for reporting misconduct and provides a confidential mechanism for receiving complaints of misconduct as well as allegations of fraud and proscribed practices.

49. UN-OIOS provides a quarterly report to the Secretary General on the number and status of cases as well as their respective categories (misconduct, retaliation, proscribed practices, harassment, etc.). An annual report is presented to the ICAO Council summarizing actions on all cases that UN-OIOS handled on behalf of ICAO.

Outsourced investigative services

50.

51. In the JIU report (JIU/REP/2020/1 *"Review of the state of the investigation function: progress made in the United Nations system organizations in strengthening the investigation function"*), it was noted that the number of cases handled per investigator varied widely, ranging from five to 35 cases per investigator. In ICAO, the average is five cases per year, suggesting that only one investigator may be sufficient for the volume of cases.

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[4] UN Operational Rate of Exchange as of 1 September 2025 used to convert to CAD at USD1.00 = CAD1.376

Table 4 – Annual ▮▮▮▮ recorded cases of misconduct for the years 2020 to 2024

Year	Total recorded complaints	Cases predicated for investigation*	Cases referred to ICAO	Cases under intake assessment at year end	Cases recorded for information	Cases closed	Open investigations
2020[5]	17	6	3	2	6	5	6
2021[6]	18	5	3	2	8	7	4
2022[7]	12	1	8	0	3	2	2
2023[8]	18	6	7	2	3	2	6
2024[9]	14	4	7	2	1	4	4

* Cases predicated for investigation are not all completed within the same year.

52. Per table 4 above, over the past five years, there has been a low number of investigations to total complaints received, while UN-OIOS still needs to manage the receipt, intake and assessment of complaints. A key challenge affecting the quality of services is the length of time required to complete investigations. Over the past five years, the number of investigations completed and the average time to resolution have varied, taking on a yearly average of 5 to 33.5 months to conclude. UN-OIOS measures the length of the investigation only from the date of commencement of the investigation; however, a completed report is often issued to ICAO more than one year from the date of the complaint. Currently, all complaints must go through UN-OIOS reporting mechanisms, where intake might take considerable time.

53. While the Agreement provides details on the categories of complaints which can be referred back to ICAO[10], UN-OIOS does not consistently provide clear reasons for referring cases back to ICAO. The UN-OIOS model of intake and assessment follows a UN Secretariat model, which assumes the presence of trained fact-finding panels to handle matters referred back. This also assumes that such fact-finding panels are resourced with trained individuals. No other unit within ICAO is responsible for investigations, and ICAO's legal framework does not foresee imposing disciplinary measures without an investigation or fact-finding process. Although ICAO has provisions for a fact-finding panel, this was never exercised due to challenges in resourcing and ensuring independence. This adds to ICAO's operational burden and costs.

54. In addition to the Agreement with UN-OIOS, ICAO uses its internal resources, which include a dedicated P4 (SLPDM) as the liaison and up to two personnel from the Legal Affairs and External Relations Bureau (LEB), who as part of their responsibilities, work on actions emanating from UN-OIOS investigations and referrals back to ICAO. As the SLPDM is situated in ADB, all recommendations for action pursuant to investigations and matters referred back are additionally routed through the D/LEB before going to the Secretary General. This involves considerable time and effort across several offices, as one matter referred back or one investigation report may involve multiple stages or recommendations.

55. The JIU report recommended that the investigative function should have KPIs for the conduct and completion of investigations. However, the current Agreement between ICAO and UN-OIOS does not include benchmarks or KPIs for investigation standards. While the agreement specifies that UN-OIOS should assess within 14 days of receiving a complaint or allegation, ICAO has no mechanism to verify if this target is met; nor does it set forth basic KPIs for completion of investigations or referral to ICAO.

56. OIO noted in 2023 that two investigations were reported as completed in 13.8 and 33.5 months; while the time from the complaint to completion was 33 months and 38 months, respectively. Similarly, a completed investigation report in July 2025 stemmed from complaints made up to three years prior. In addition,

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[5] C-WP/15174, Annual Report of Investigative Entity on Cases of Misconduct handled on behalf of ICAO – 2020
[6] C-WP/15331, Annual Report of Investigative Entity on Cases of Misconduct handled on behalf of ICAO – 2021
[7] Annual Report of Investigative Entity on Cases of Misconduct handled on behalf of ICAO – 2022
[8] Annual Report of Investigative Entity on Cases of Misconduct handled on behalf of ICAO – 2023
[9] Annual Report of Investigative Entity on Cases of Misconduct handled on behalf of ICAO – 2024
[10] The existing agreement allowed OIOS to return so-called "routine matters", such as personnel matters, traffic related inquiries, simple thefts, contract disputes, office management disputes, basic misuse of equipment or staff, basic mismanagement issues, or matters it considers that require managerial action, administrative measures or informal resolution.

significant time and effort are required to process investigation reports, as they often need duplication checks, formatting and redaction due to inconsistent quality. Comparative analysis from the 2020 JIU report on investigative functions across the UN[11] indicated that several UN entities had target completion times between four to six months, while UN-OIOS averaged 11 months.

57. Extended investigation timelines can negatively impact corrective actions, disciplinary, managerial or administrative processes and the rights of involved personnel, potentially increasing litigation risk and hindering workplace conflict resolution.

58. Internal benchmarking review of investigative functions across 21 UN organizations found that most have internal oversight offices, while ICAO and three others rely on external or hybrid models. Some organizations supplement their in-house functions with consultants or external companies.

59. Based on the above analysis, several areas for improvement have been identified:

   • The annual cost of investigations appears high.

   • Investigations timelines are longer than average.

   • Most investigated complaints do not pertain to fraud or corruption.

   • There are no KPIs to measure the efficiency and effectiveness, and the reporting formats lack sufficient detail, e.g. investigations carried forward from one year to another.

   • Tracking and reporting on management actions following referrals is absent.

60. Since the Agreement with UN-OIOS was signed, there has been no review of the service quality from ICAO's personnel perspective. **Gathering feedback through targeted surveys could provide valuable insights into user satisfaction and system effectiveness.**

61. Moreover, several activities typically expected from an in-house investigation function, such as proactive outreach, training, proactive fraud risk assessments, integrity reviews and lessons learned from investigations and referrals on gaps in the control environment, are not conducted under the external arrangements.

Recommendation from EAAC (High Priority)   Cost-effectiveness of investigation function
OIO does not raise a recommendation but rather, reiterates the recommendation of the EAAC per C-WP/15633 that *"ICAO should review the cost-effectiveness and benefits of continuing investigation provision with UN-OIOS. Given the cost of OIOS services, ICAO should ensure that the flow of case information when cases are remitted back to ICAO by UN-OIOS is improved, to avoid duplication of effort and to ensure improvements in the final resolution of cases."*   Additional OIO guidelines   1. Revised investigation arrangements that ensure the value for money, independence and capacity to perform investigations, with clear KPIs in the Agreement and improved reporting on cases carried forward.   2. Personnel survey includes questions on satisfaction and awareness related to the investigation function.   3. Workflow with a timeframe on addressing management referrals.

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[11] JIU/REP/2020/1 *"Review of the state of the investigation function: progress made in the United Nations system organizations in strengthening the investigation function, - Annex VIII*

62. When the existing arrangements are reviewed, ICAO should consider the following options:
- Retain OIOS with reduced costs (one staff or on a cost recovery basis) with an updated Agreement catering for measurable KPI's, and an enhanced reporting format to measure the outsourced service provider's performance.
- Establish a fully independent investigation function in-house at ICAO.
- Outsource investigations to another external third-party service provider.

63. Whatever approach is decided, an adequate budget and resources are needed for intake, investigations, and other activities, such as proactive outreach, awareness, training, fraud risk assessments, and lessons learned. Such activities may increase the number of allegations related to fraud and corruption, which will require sufficient resources to investigate them.

Actions in response to confirmed fraudulent practices and recoveries

64. While the progress on actions taken by ICAO in response to complaints of misconduct and retaliation is reported annually to the Council, OIO was also not able to determine if confirmed losses occasioned by fraudulent practices were recovered and what is the process. OIO was informed that ICAO is working to formalize the Secretary General's authority under an administrative action to recover funds after a disciplinary process.

Monitoring the effectiveness of the anti-fraud program

PRINCIPLE 5:

The organization selects, develops, and performs ongoing evaluations to ascertain whether each of the five principles of fraud risk management is present and functioning, and communicates Fraud Risk Management Program deficiencies in a timely manner to parties responsible for taking corrective action, including senior management and the board of directors.

65. In line with ACFE/COSO guidelines, organizations are expected to routinely monitor and evaluate the effectiveness of their AFAC program and institute measures to address identified deficiencies. This helps in adapting programs to changes in the fraud landscape and the operating environment. According to the ACFE, *"monitoring and periodic evaluations should cover the full spectrum of your Fraud Risk Management program, and at a high level include two key steps: (1) implementing monitoring and evaluation activities and (2) using the results to improve your FRM program."* The JIU recommended that Organizations should present an annual report to governing bodies on anti-fraud activities, based on key performance indicators. The report should include the level of fraud exposure, status of compliance with anti-fraud policies, fraud statistics, sanctions imposed, fraud losses and recovery of assets, and lessons learned. ICAO needs to measure the outcomes of its AFAC program, for example, how fraud awareness has improved over time.

Monitoring of the effectiveness of the anti-fraud program is not conducted

66. The review revealed that periodic monitoring of the effectiveness of the AFAC program is largely not conducted, and there are no mechanisms to monitor its effectiveness at the Entity level. The AFAC Policy or ERM Framework does not provide for the AFAC program effectiveness monitoring and reporting.

67. OIO notes that ICAO has designed some monitoring and reporting activities as part of its risk management approach. For example:
- ERM updates are reported semi-annually to the Senior Management Board to discuss key organizational risks and related mitigation actions, including allocating resources to respond to risks.
- The ERM Officer presents the CRR to the Senior Management Board periodically and to the Council annually. The CRR provides information on the key risks facing the Organization and changes in risk levels, but there are no specific fraud risks. While OIO is aware that only high corporate risks are part of ERM updates, fraud and corruption risks need to be reviewed as part of the ERM approach.

- Second-line functions are expected to monitor implementation of key mitigation measures; however, ICAO does not have a mature second-line monitoring culture and function in many of its processes.
- Presently, different teams monitor fraud with varying degrees of maturity, but without a fraud risk assessment, it is unclear on what controls teams should focus on.

68. The Secretariat performs some assurance activities outlined above, but there is no structured mechanism to capture and share key AFAC findings, root causes and related mitigation actions across organization. As a result, there is limited visibility of AFAC activities and opportunities for organization-wide learning are missed.

Recommendation 6 (Medium Priority)	Develop a fraud monitoring and reporting program
The AFAC Coordinator should consolidate its AFAC monitoring and reporting activities by integrating these elements in existing policies, regularly measure the effectiveness of the AFAC program and regularly report on this to its governing bodies. This should set the responsibility of individual policy and process owners to monitor their policies and procedures and provide feedback to the AFAC Coordinator.	

ANNEX 1: MANAGEMENT ACTION PLAN

Ref	Recommendation	Closure criteria	Priority Rating	Accepted (Y/N)	Agreed Actions	Office/ Section Responsible	Target Date
1.	The Office of the Secretary General should formally assign responsibility to an appropriate Coordinator with clear accountability, authority and resources to implement the overall AFAC Program and coordinate its governance, fraud risk assessment, and monitoring with the necessary support and engagement from other contributing business process owners along the three lines model.	Formal assignment of a Coordinator to be responsible for operationalization of the ICAO AFAC program. Regardless of which unit or function is assigned to lead/implement the AFAC program, sufficient resources need to be provided to finalize implementation and sustain it.	High	Yes	See response to recommendation 4. The coordinator will be appointed after a specific fraud/corruption risk assessment is finalized and its results will define ICAO's fraud/corruption risk type and exposure.	OSG	30 Nov 2026
2.	The AFAC Coordinator should coordinate the AFAC program implementation strategy and operationalization of the AFAC Program, including mapping of related policies and updating the AFAC Policy or issuing an Administrative Instruction (AI), on provisions on AML and CFT, as well as cover the definitions of theft, misappropriation, money laundering and other unethical practices.	1. Updated AFAC Policy or new AI (AFAC framework) with reference to all related AFAC initiatives and policies, including a matrix of responsibility for the various AFAC activities that references specific roles, functions, units and bureaus. 2. Approved AFAC action plan with analysis performed by respective Business Process Owners (BPOs) of risks, controls and key gaps. 3. Reporting on the implementation of the action plan to senior management and governing bodies.	High	Yes	See response to recommendation 4. The AFAC program action plan will be designed based on the results of fraud/corruption risk assessment, which outputs will be used to determine the nature and extent of the AFAC Policy operationalization.	TBD	31 March 2027
3.	The AFAC Coordinator should (a) take accountability for leading AFAC awareness and compliance initiatives; and (b) develop a mechanism to train managers, monitor compliance with the AFAC training and institute accountability measures for non-completion of mandatory training.	1. Develop AFAC reporting, case handling, fraud risk assessments training for managers and/or champions. 2. Conduct periodic user surveys to assess the effectiveness of training materials.	Medium	Yes	See response to recommendation 4. A specific fraud and corruption risk assessment will guide the AFAC awareness and compliance initiatives, including the training.	TBD	30 Sept 2027

Ref	Recommendation	Closure criteria	Priority Rating	Accepted (Y/N)	Agreed Actions	Office/ Section Responsible	Target Date
		3. Integrate accountability measures for non-completion of mandatory training into PACE.			The above is contingent on the availability of the required resources.		
4.	The AFAC Coordinator and ERM Officer should integrate a process for periodic fraud risk assessments across all business units and functions, in the ERM system with related fraud risk libraries. Moreover, the FRA should guide policy design or updates for a particular process and related controls.	1. Integrated into ERM, a fraud risk assessment tailored to the organization's size, complexity, and industry. 2. Periodic fraud risk assessments with cross-functional teams (e.g., finance, compliance, HR, operations) to identify fraud risks. 3. The AFAC Action Plan includes documented monitoring and mitigation strategies, including monitoring of their effectiveness, control enhancements and training. 4. Regular reporting through ERM updates to senior management and governing bodies.	High	Yes	1, 2. The ERM Officer will facilitate and document a fraud/corruption risk assessment across ICAO's units/offices. This will include a documented approach and guidance. 3. The outputs of the above exercise will form the basis of the AFAC action plan and drive the implementation of the remaining recommendations, including the timeline for completion, which will not exceed 2 years from the date of this report. This will be evaluated by September 2026. 4. AFAC risk reporting to be refined and aligned with the outputs of the risk assessment (to include in ERM update following the completion of the risk assessment – expected September 2026). The above is contingent on availability of expected resources and support from required ICAO personnel to complete the assessment.	OSG	1. 30 June 2026 2. 30 June 2026 3. 31 Dec 2027 4. 30 Sept 2026

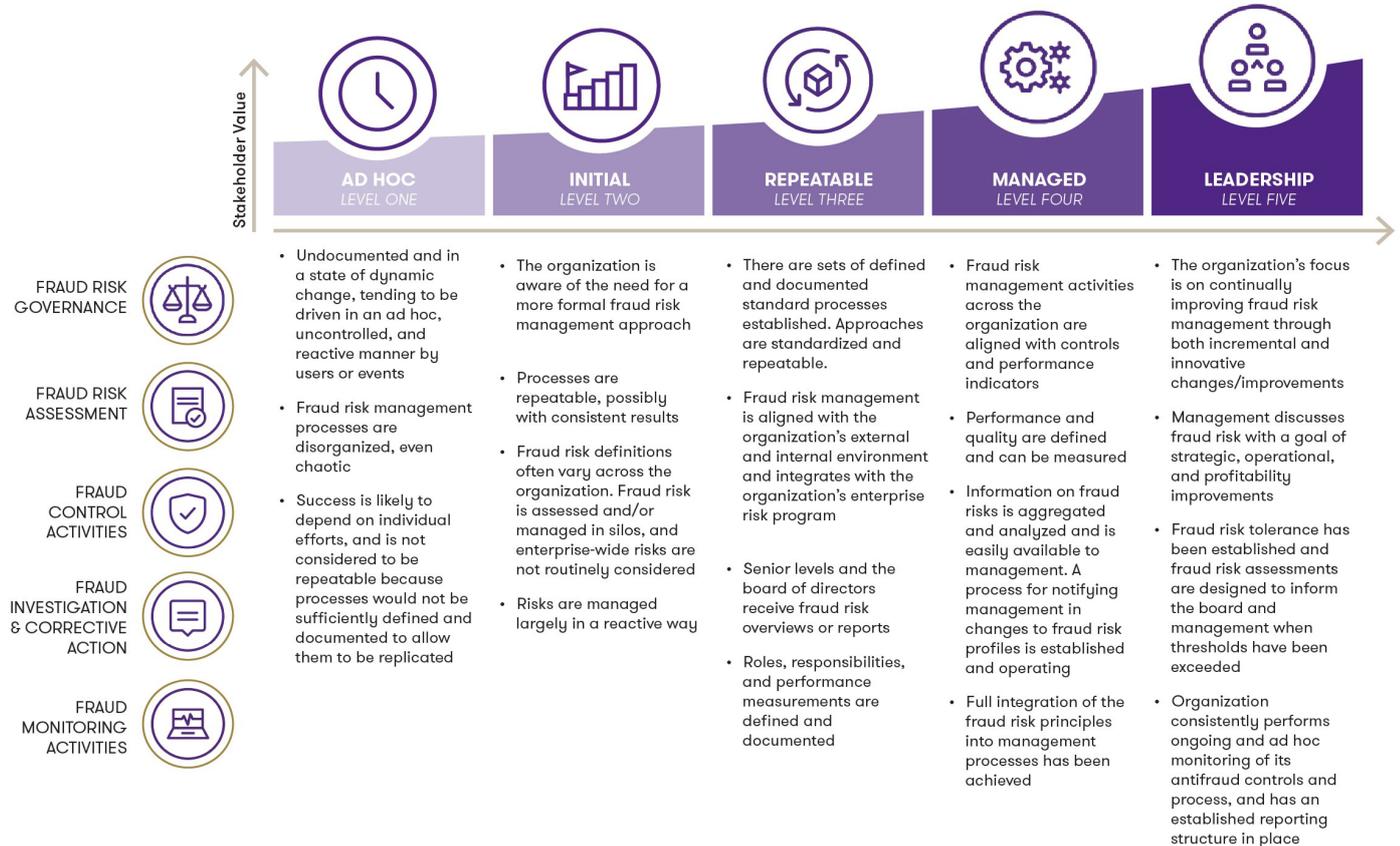| Ref	Recommendation	Closure criteria	Priority Rating	Accepted (Y/N)	Agreed Actions	Office/ Section Responsible	Target Date
5.	As part of management assurance, the AFAC Coordinator should devise a fraud data analytics training and continuous oversight approach, including reports of red flags and exceptions from their policies; and a digital library of counter-fraud and corruption controls.	1. Fraud data analytics approach documented in the Action Plan. 2. Embedding fraud and corruption detection and prevention controls in Quantum or Dashboards with exception reports of potential red flags for follow-up by the second line management oversight function.	Medium	TBD	See response to recommendation 4. The results of the fraud/corruption risk assessment will inform the counter-fraud controls, training and oversight approach. The above is contingent on the availability of the required resources.	TBD	TBD
6.	The AFAC Coordinator should consolidate its AFAC monitoring and reporting activities by integrating these elements in existing policies, regularly measure the effectiveness of the AFAC program and regularly report on this to its governing bodies. This should set the responsibility of individual policy and process owners to monitor their policies and procedures and provide feedback to the AFAC Coordinator.	Define approach and monitoring mechanism with appropriate measurement criteria based on ICAO's fraud and corruption risk tolerance and organizational outcomes. It should also include a channel for communicating and rectifying issues with the AFAC program, and capture lessons learned.	Medium	Yes	See response to recommendation 4. Roles and responsibilities of other BPOs in addressing AFAC controls in their policies will be clarified in the AFAC Program action plan, which will be designed based on a fraud/corruption risk assessment. The above is contingent on the availability of the required resources.	TBD	31 Dec 2027

ANNEX 2: JIU BENCHMARKS AND OIO ASSESSMENT

JIU criteria for the implementation of Fraud Prevention, Detection and Response mechanisms:

No	JIU Criteria	OIO Assessment	OIO Comments
1	Develop an anti-fraud policy taking into account leading practices in the public and private sector.	Achieved	The ICAO AFAC policy was revised in 2021.
2	Designate a senior person/entity to be custodian of the anti-fraud policy and be responsible for the implementation, monitoring and periodic review of the policy.	Not Achieved	There is no individual within ICAO that is formally designated to be the custodian on ICAO's anti-fraud and anti-corruption (AFAC) policy.
3	Establish an anti-fraud training and fraud awareness strategy.	Partially Achieved	The Ethics Office has been providing online trainings on ethics, integrity and AFAC, as well as proactively sending internal communications on ethics. However, there is no fraud awareness strategy in place which should be led by key business process owners in their areas.
4	Conduct a corporate fraud risk assessment as an integral part of the enterprise risk management system or as a separate exercise, addressing fraud risks at all levels as well as internal and external fraud risks. Such assessments shall be conducted at least biennially at the corporate level, and more frequently, based on need, at the operational level.	Not achieved	There is a Corporate Risk Register (CRR) and an RO Risk Register, as well as the recent introduction of individual project risk registers driven by the ERM Function. However, no dedicated Fraud Risk Assessment was conducted corporately, by individual business process owner, or at the HQ Unit and RO Level. The CRR has fraud as a generic category, but no specific fraud risks are noted or assessed.
5	Develop anti-fraud strategies and action plans to operationalize the policies and integrate them with the existing corporate risk management system. Based on the level of fraud risk, proportionate resources should be dedicated to operationalize the strategies and action plans.	Not achieved	There are routine communications regarding AFAC, more specifically ethics. The are also fact sheets published regarding Gifts, Protection against retaliation, Financial Disclosure, etc. Moreover, some policies and procedures embed the AFAC elements, e.g. procurement and HR. There is no integrated AFAC strategy in place to guide BPOs and units in their efforts. Work is needed to determine what is the appropriate level of resources needed to operationalize the AFAC program, including the cost of the investigative function. The AFAC policy is stand alone and not integrated with the existing ERM framework.
6	Ensure anti-fraud controls exist in the internal control framework.	Partially Achieved	While controls are in place, these are manual controls and mainly related to training and awareness. Assurance mapping is needed to strengthen and mature the 2nd line assurance and ongoing management oversight function within ICAO.

7	Introduce a statement of internal controls (SIC), including indicating the adequacy of organization-wide anti-fraud controls.	Achieved	The process of developing the annual SIC was recently reviewed by OIO and found to be Satisfactory.
8	Update legal instruments for engaging third parties with anti-fraud clauses.	Achieved	The Policy on Interactions with External Parties was issued in November 2024. Additionally, contracts with vendors include specific anti-fraud clauses. This needs to be reinforced when undertaking procurement on behalf of member states. Moreover, services outsourced to third parties should include provisions for clear AFAC roles.
9	Automated fraud prevention and detection capabilities are an integral part in enterprise resource planning systems (ERPs).	Partially achieved	Prevention and detection controls are mainly through trainings and manual reviews. The new ERP Quantum functionalities should be explored to include automated fraud prevention and detection capabilities.
10	Update whistleblower policies and extend the duty to report fraud and other misconduct to contract employees, United Nations volunteers, interns and other non-staff, as well as to third parties, including vendors, suppliers, and implementing partners.	Achieved	This is achieved and covered as part of the Framework on Ethics.
11	Establish a central intake mechanism for all fraud allegations.	Achieved	This is outsourced to UN-OIOS through a signed Agreement.
12	Ensure the investigative function has KPIs for conduct and completion of investigations.	Not Achieved	The UN-OIOS Agreement with ICAO does not cater or measure KPI's for the investigative function.
13	Strengthen protocols for referrals of fraud cases.	Partially Achieved	While there is awareness of where to report fraud, there is still confusion amongst ICAO personnel as to what types of complaints can be referred to the different avenues in ICAO, including to UN-OIOS.
14	Present an annual report to governing bodies on anti-fraud activities, based on key performance indicators. The report should include the level of fraud exposure, status of compliance with anti-fraud policies, fraud statistics, sanctions imposed, fraud losses and recovery of assets, and lessons learned.	Partially Achieved	The Annual Report of the investigative Entity is presented by the SG to the ICAO Council. However, there are limited KPIs and there is no reporting on AFAC activities and implementation of the policy.
15	The legislative and governing bodies of the United Nations system organizations should: place on their respective agendas a permanent or standing item relating to fraud prevention, detection and response; review on an annual basis the consolidated and comprehensive management report presented by the executive head on anti-fraud policy and activities; and provide high-level guidance and oversight on fraud-related matters.	Partially Achieved	Per the update to JIU, it was noted that this matter is under review as the Secretariat presents updates to the ICAO Council on AFAC matters, including on reports on investigation and actions taken on complaints of and cases of misconduct as well as amendments to relevant ICAO policies and procedures.

ANNEX 3: ENTERPRISE ANTI-FRAUD MATURITY ASSESSMENT MODEL

	AD HOC *LEVEL ONE*	INITIAL *LEVEL TWO*	REPEATABLE *LEVEL THREE*	MANAGED *LEVEL FOUR*	LEADERSHIP *LEVEL FIVE*
FRAUD RISK GOVERNANCE FRAUD RISK ASSESSMENT FRAUD CONTROL ACTIVITIES FRAUD INVESTIGATION & CORRECTIVE ACTION FRAUD MONITORING ACTIVITIES	• Undocumented and in a state of dynamic change, tending to be driven in an ad hoc, uncontrolled, and reactive manner by users or events • Fraud risk management processes are disorganized, even chaotic • Success is likely to depend on individual efforts, and is not considered to be repeatable because processes would not be sufficiently defined and documented to allow them to be replicated	• The organization is aware of the need for a more formal fraud risk management approach • Processes are repeatable, possibly with consistent results • Fraud risk definitions often vary across the organization. Fraud risk is assessed and/or managed in silos, and enterprise-wide risks are not routinely considered • Risks are managed largely in a reactive way	• There are sets of defined and documented standard processes established. Approaches are standardized and repeatable. • Fraud risk management is aligned with the organization's external and internal environment and integrates with the organization's enterprise risk program • Senior levels and the board of directors receive fraud risk overviews or reports • Roles, responsibilities, and performance measurements are defined and documented	• Fraud risk management activities across the organization are aligned with controls and performance indicators • Performance and quality are defined and can be measured • Information on fraud risks is aggregated and analyzed and is easily available to management. A process for notifying management in changes to fraud risk profiles is established and operating • Full integration of the fraud risk principles into management processes has been achieved	• The organization's focus is on continually improving fraud risk management through both incremental and innovative changes/improvements • Management discusses fraud risk with a goal of strategic, operational, and profitability improvements • Fraud risk tolerance has been established and fraud risk assessments are designed to inform the board and management when thresholds have been exceeded • Organization consistently performs ongoing and ad hoc monitoring of its antifraud controls and process, and has an established reporting structure in place

Source: Grant Thornton's Enterprise Anti-Fraud Maturity Assessment Model©, presented within the ACFE's Anti-Fraud Playbook.

Priority of Audit Recommendations

The audit recommendations in this report are categorized according to priority as a guide to management in addressing the issues raised. The following categories are used:

High: recommendations, which address significant and/or pervasive deficiencies or control weaknesses, or areas where significant improvements can be made.

Medium: recommendations, which address important deficiencies or control weaknesses, or areas where some improvements can be made.

Low: suggestions, which represent best practice, or general opportunities for improvement.