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IA/2025/02

Internal Audit Report
on the
Asia and Pacific (APAC) Regional Office and its Sub-Offices

Office of Internal Oversight

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ACRONYMS

AI	Administrative Instruction
ATM	Air Traffic Management
BCP	Business Continuity Plan
BIA	Business Impact Analysis
CDI	Capacity Development and Implementation Bureau
CPMR	Corporate Performance, Reporting and Monitoring tool
DGCA	Directors General of Civil Aviation
DSA	Daily Subsistence Allowance
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
FIN	Finance Branch
GBAS-SBAS	Ground Based Augmentation System - Satellite-Based Augmentation System
GS	General Service Staff
HQ	Headquarters
HR	Human Resources
ICT	Information and Communication Technology
IP	International Professional Staff
KPI	Key Performance Indicator
LTA	Long Term Agreement
MTAs	Mission Travel Authorizations
MASD	Management Assurance Statement and Declaration
NO	National Officer Staff
OIO	Office of Internal Oversight
PACE	Performance and Competency Enhancement
PBN	Performance Based Navigation
PBNICG	Performance Based Navigation Implementation Coordination Group
PLO	Pacific Liaison Office
PPE	Property, Plant and Equipment
PSIDS	Pacific Small Island Developing States
RD	Regional Director
RO	Regional Office
RSO	Regional Sub-Office
SARPs	Standards and Recommended Practices
SoD	Segregation of Duties
SRM	Security Risk Management
TOP	Triennial Operating Plan
UNDSS	United Nations Department of Safety and Security

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EXECUTIVE SUMMARY

1. As part of its annual work plan for 2025 (C-WP/15634), the Office of Internal Oversight (OIO) carried out an internal audit of the Asia and Pacific (APAC) Regional Office (RO) located in Thailand and the Regional Sub-Office (RSO) located in China. The audit also included the activities of the Pacific Liaison Office (PLO) located in Fiji. 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) overall effectiveness and efficiency of the RO's operations with regard to planning, implementing and monitoring the strategic priorities, regional projects and operating plan activities based on the needs of the Member States in the region; (ii) governance, staffing levels, risk management and internal control assertions; and (iii) key internal controls in support services such as procurement, human resources (HR) management, financial management, travel management, asset management, information technology, and business continuity planning, including physical safety and security.

Audit opinion and overall audit rating

3. Based on the results of the audit, OIO has given an overall audit rating of *''Some Improvement Needed''*, while 2 areas were assessed as *"Major Improvement Needed"*. OIO issued 7 recommendations in this report, of which 4 are high priority. These are accepted by management, and the Management Action Plan is available in Annex 1.

4. OIO found the following areas to be *"Satisfactory"*:

   - The RO and RSO satisfactorily carry out their duties and activities in line with their mandate. External stakeholders interviewed by OIO confirmed that the RO and RSO met their expectations, and they were generally satisfied with the support they received from them. There was also contentment with the establishment of the PLO, which is in its early years of establishment.

   - The activities and deliverables for 2023 and 2024 are aligned with the priorities of the ICAO Business Plan and performance is monitored and reported against the operating plan objectives.

   - The allocation of tasks and responsibilities between the RO and RSO is clear and is described in the document titled "Regional Office Standing Instructions". This document clearly sets out the areas of responsibility for both offices.

   - The RO maintains a risk register which is timely updated and appropriate actions are recorded. The RO's risk register should be updated for the risks identified during this audit and the effectiveness of mitigating actions should be monitored.

   - The overall status of RO's and RSO's office infrastructure and facilities for organizing meetings is satisfactory and well-maintained.

   - The review of the logbooks of the two official vehicles at the APAC RO did not reveal any irregularities or inappropriate use.

5. Areas where *"Some Improvement Needed"*:

   - In managing the expectations and needs of 39 Member States, the APAC RO, due to its vast portfolio and comparatively limited staff and financial resources, at times may not be able to carry out regular support to Member States in implementing necessary safety and security measures in complying with the Standards and Recommended Practices (SARPs).

   - The RSO and PLO may require stability in the technical and administrative fields, as they heavily rely on seconded personnel. The RSO has 13 personnel, of which 11 are secondees with short-term contracts. This affects the continuity and quality of operations and the retention of institutional knowledge. The PLO has 2 personnel, of which the Pacific Liaison Officer position is funded through voluntary contributions while the Administrative Officer is seconded to the PLO by the host state. To mitigate the risks and challenges associated with the heavy reliance on secondees, there is a need to finalize its functional review of the structure of the RO and its Offices to determine whether a more sustainable solution is needed.

- A key technical officer role (secondee funded) at the RSO has been vacant since May 2024 and will impact the delivery of some of the RSO's planned activities for 2025 related to Performance Based Navigation (PBN). An estimated 30% of the work of the RSO is related to PBN. While RO and RSO were proactive in advertising this vacancy and in requesting member states' support for this secondee opportunity, the position needs to be filled so that plan activities are achieved.

- Project oversight and monitoring needs to be formalized for its strategic regional projects and programmes relating to safety and security oversight mechanisms, flight procedures and capacity building in aviation. There is no formal monitoring mechanism in place between the RO and the project managers who are funded by Capacity Development and Implementation Bureau (CDI). These need to be clearly defined in coordination with CDI.

- The RO needs to continue cross-checking its assertions made in the annual Management Assurance Statement and Declaration (MASD) using compliance-related reports and keep the evidence for potential peer validation by Headquarters.

- The RO and RSO should finalize and test their draft BCPs to ensure they are able to resume operations in crisis management situations, including conducting a more recent Security Measures Self-Assessment to mitigate against any new security risks.

- Controls need to be strengthened with respect to procurement, travel management and information technology. Areas of non-compliance with ICAO administrative instructions and procedures were noted in these areas resulting in additional risks that need to be monitored and mitigated.

6. Areas where *"Major Improvement Needed"*:

- The need for the RO to strengthen the second line oversight and assurance over operations at its Sub-Offices, including segregation of duties (SoD), mainly in relation to expenses incurred for hospitality purposes and claims for petty cash. ███████████████████████████████ ███████████████████████████████

- Management of fixed assets needs improvement as obsolete items were still included in the asset inventory list, not all custodians were identified, and fixed assets donated by the host state were not recorded and submitted to Headquarters for capitalization, which is required for financial reporting purposes.

7. OIO raised recommendations and advisory notes throughout this report, its implementation will result in the strengthening of the internal control environment.

Acknowledgement

8. OIO wishes to thank management, staff and personnel for their assistance and cooperation during the audit.

BACKGROUND

Introduction

9. The APAC Regional Office (RO) was established in 1948, is located in Bangkok, Thailand, and is hosted by the Royal Thai Government, since 1955. The Regional Sub-Office (RSO) was inaugurated in 2013 and is hosted in Beijing by the Civil Aviation Administration of China. More recently, the Pacific Liaison Officer was appointed in August 2023 and deployed to the Pacific Liaison Office (PLO) in Nadi, Fiji, in October 2023. The PLO is hosted by the Civil Aviation Authority of Fiji and was officially inaugurated in August 2024.

10. The APAC RO is accredited to 39 contracting States and maintains liaison with two Special Administrative Regions of China. Its primary role is to foster the planning and implementation by the Member States of International Standards and Recommended Practices (SARPs), Procedures for Air Navigation Services, and Regional Air Navigation Planning, for the safety, security, and efficiency of air transport. The RO also provides technical guidance and assists States in their implementation activities. The RO and its offices undertake missions to promote safe, efficient, environmentally sustainable, and economically viable aviation in the region. It collaborates with Member States and various entities to develop and implement regional civil aviation plans aligned with global plans established by ICAO.

11. The APAC region is considered one of the most diverse regions globally, with significant variations in geography, ethnicity, culture, language, religion, economic development, and aviation infrastructure developments across its countries, making it a complex landscape for understanding and navigating diversity. The Pacific Small Island Developing States (PSIDS) are also considered very diverse in the level of their civil aviation system development and traffic density, the degree of harmonization and cooperation, and their institutional and regulatory arrangements.

12. The RSO is a fully fledged office and covers the same geographical airspace as the RO but is primarily responsible for supporting improved Airspace Organization and Management to maximize Air Traffic Management (ATM) performance, and where necessary to supplement the efforts of the APAC RO. The RSO also promotes the timely and harmonized implementation of ATM-related SARPs and the regional air navigation plan.

13. The total number of personnel in the Asia Pacific Region is 57 and is composed as follows. The posts are funded from various budgets and include gratis personnel, as reflected in table 1:

Table 1: Total personnel composition by type and gender (as of March 2025)

Office	International Professionals (IP)	General Service (GS) & National Officers (NO)	Consultants	Secondees & Interns	Male	Female
RO	15	13	4	9	11 (IP) 2 (IP-CDI) 3 (GS) 2 (Consultant) 5 (Secondee)	2 (IP) 2 (Consultant) 4 (Secondee/Intern) 9 (GS) 1 (NO)
RSO	2	4	0	7	2 (IP) 2 (Secondee) 2 (GS-CDI)	5 (Secondee) 2 (GS-CDI)
PLO	1	0	1	1	1 (IP) 1 (Consultant)	1 (Secondee)
Total	18	17	5	17	31	26

Source: APAC RO

14. There is an imbalance in the number of female staff at the professional and higher categories in the APAC Region. Only 2 (11%) of the 18 professional staff are female. The Office is aware of the need to have a good gender balance in technical positions but finds it challenging because of a smaller number of applications from female candidates.

15. The regular budget of the APAC RO for the 2023-2025 triennium is CA$ 12.87 million, mostly spent on personnel. Apart from the regular budget, various other funding sources are utilized, namely the cost

recovery fund, voluntary funds for the PLO, resource mobilization fund, and the Aviation Safety fund. The budget of APAC RSO is provided by the host country for an annual amount of CA$ 684 000 or CA$ 1.9 million for the 2023-2025 triennium.

Audit Objectives

16. The objectives of the audit were to assess:

    a. strategic priorities' planning and implementation,

    b. governance, risk management and control environment, and

    c. the effectiveness of the operational controls.

Scope and Methodology

17. The scope of the audit covered activities and transactions in the period from January 2023 to December 2024.

18. The audit activities included a review and assessment of existing operating procedures and the compliance thereof, interviews with staff and external stakeholders, analysis of applicable data, and a review of the available documents and other relevant records. As part of the audit, OIO met with eight external stakeholders, including APAC Member States, which included the host states, as well as with the chair of a regional programme.

RESULTS OF THE AUDIT: OBSERVATIONS & RECOMMENDATIONS

Section I: Planning and implementation of strategic priorities, coordination, advocacy and regional programme management

RO and RSO expectations, roles and mandate

19. The APAC RO and its Sub-Offices are responsible for planning and managing interventions according to the needs of its Member States in the aviation sector. This requires engagement at the individual country level as well as collaborating and coordinating at the regional level with all 39 Member States. The APAC RO efficiently supports Member States' aviation needs, responding promptly to safety concerns and training requirements. Its support to states in aviation includes disseminating information, training events for participants from member states, organizing air transport events and being the secretariat of the annual Regional Directors General of Civil Aviation (DGCA) Conference and the Asia Pacific Ministerial Conference on Civil Aviation.

20. Overall, all stakeholders were satisfied that the RO, RSO and PLO collaborate well and that there is good coordination. The host states indicated that these Offices actively seek feedback on their needs and then priorities are set collectively with all States at the annual DGCA Conference.

21. OIO was apprised that the level of coordination and collaboration with the RO and RSO is satisfactory, though, some stakeholders mentioned that the Pacific Liaison Officer did not travel to all PSIDS as expected and it would be beneficial for more hands-on meetings within these states. OIO was informed that the Pacific Liaison Officer had the opportunity to meet with senior leaders of the PSIDS and engage with them during other forums, such as the DGCA Conference, Ministerial Conferences, PASO meeting, RAMM, including technical meetings held on site APAC premises.

22. Another stakeholder indicated that the APAC RO may be short-staffed as there are not adequate staff to support all the technical areas. As a result, they have to work with secondees who have short-term contracts, which makes it challenging for continuity.

23. APAC indicated that challenges such as limited staffing, delayed hiring, and financial constraints hinder its effectiveness. Improved HR processes and strategic resource allocation are important for enhancing performance and meeting the expectations of the Member States.

Review of Triennial Operating Plan

24. The ICAO Business Plan serves as a strategic document that outlines the organization's priorities, objectives, and resource allocation to support its mission of ensuring safe, secure, and sustainable international civil aviation. The current business plan is for the triennium 2023-2025. The Triennial Operating Plan (TOP) of the APAC RO is derived from the high-level Business Plan. OIO reviewed the TOP of the RO and the activities and deliverables for 2023 and 2024 and observed that they are aligned with the priorities of the ICAO Business Plan, and performance is monitored and reported against the operating plan objectives.

25. The deliverables are assigned to one or more technical officers who are directly responsible for their implementation and outcomes, which is a positive step in ensuring accountability.

Activities, deliverables, and KPIs

26. OIO noted that for deliverables not achieved, the reasons thereto were specified. This is reported in the Corporate Performance, Reporting and Monitoring (CPMR) tool, and the reporting is done twice a year for the mid-year and the end-year status.

27. Analysis of the CPMR data showed that for 2023, four out of 89 (4.5%) deliverables could not be achieved, while for 2024, 17 out of 109 (15.5%) deliverables were not achieved. The reasons for not achieving and/or underachieving were also recorded by APAC in the CPMR.

28. Further analysis showed that reasons for these reported gaps were attributable to a few Member States needing more time to implement certain planned activities, while some activities were postponed due to a lack of budget or vacancies.

29. OIO noted that the PBN Regional Officer's role, who was a secondee, has not filled since May 2024. The RSO RO were proactive in having the vacancy advertised in the 1st quarter 2024, but no applications were received. At the DGCA in October 2024, the Chief, RSO presented a working paper to inform APAC States of secondment opportunities at the RO and RSO.

30. The PBN Regional Officer is the secretariat of two regional meetings: (a) the Performance Based Navigation Implementation Coordination Group (PBNICG), and (b) the Ground Based Augmentation System (GBAS)-Satellite-Based Augmentation System (SBAS) Implementation Task Force. In the absence of this Officer, the Chief, RSO will manage the GBAS-SBAS Implementation Task Force for 2025 and conduct the PBN GO Team to Cambodia but indicated that there is no capacity beyond 2025 to continue this further without a resource. As a result of the vacancy and due to no funding for this position, the PBNICG meeting will not take place as initially planned for 2025. These are key deliverables in the RO annual operating plans. Subsequent to the audit, the RSO indicated that the PBNICG meeting will be held in December 2025 with the existing resources and that efforts on sourcing for the secondment are continuing.

31. OIO was informed that an estimated 30% of the work of the RSO is related to PBN. Therefore, this situation creates a gap in the human resources and may impact the RSO's deliverables for 2025. The RSO also indicated that it planned to support the PLO in PBN-related activities, per their operating plans for 2024 and 2025, but is unable to do so due to the vacancy that has been open for over 11 months.

32. OIO encourages the Regional Director (RD), APAC and the Chief, RSO to continue to discuss with APAC Member States to provide a secondee to fill this position at the RSO; and if this fails, liaise with Headquarters on funding or a seconding mechanism for this important position.

Regional projects portfolio

33. The APAC Region is responsible for overseeing seven regional projects of which four are active. These projects are long-term programmes on specific technical areas funded by Member States. Table 2 provides the revenue, expenses and fund balance of each project as of 31 December 2024:

Table 2: Project revenue, expenses and fund balance of each project as of 31 December 2024

Project ID	Project Title	Status	Overseen by	Revenue US$	Expenses plus commitments US$	Funds balance US$
RAS04901	Cooperative Aviation Security Programme – Asia and Pacific Region (CASP-AP)	Active	RO	46 233	0	46 233
RAS09801	Asia-Pacific Flight Procedure Programme (FPP)	Active	RSO	538 132	211 513	326 619
RAS10801	SMS and Aerodromes (IFFAS)	No activities	RO	9 220	0	9 220
RAS14801	Common Regional Virtual Private Network (CRV) APAC	No activities	RO	98 442	0	98 442
RAS97902	Cooperative Development of Operational Safety and Continuing Airworthiness Programme – South Asia (COSCAP-SA)	Active	RO	2 216 023	1 233 086	982 937
RAS97903	Cooperative Development of Operational Safety and Continuing Airworthiness Programme – South-East Asia (COSCAP-SEA)	Active	RO	1 865 430	280 670	1 584 760
RAS02901	Cooperative Development of Operational Safety and Continuing Airworthiness Programme – North Asia (COSCAP-NA) - Phase II	Inactive	RO	1 892 627	1 257	1 891 370

Source: Individual project financial status report as of 31 December 2024

34. One project is inactive, pending further discussions, which is beyond the APAC RO level, while two projects are pending project closure. During the audit, the RO was unable to provide any reason for the delayed closure of the projects with no activities going back more than seven years, also the RO was not aware of these two projects and that they still had a fund balance, until probed by OIO. After the audit, OIO was informed that the RO will engage the relevant stakeholders on utilizing the remaining funds for the furtherance of the project activities and move to project closure.

35. For the four active projects, it was observed that these have been operational for over 15 years, each project is managed through a trust fund set up for its purpose and is supported by formal project documents. The projects had an initial period of five years and were successively extended from time to time. There is a dedicated project manager funded by the CDI for the three active projects, while the RSO is hosting the APAC Flight Procedure Programme (APAC FPP), a CDI programme, funded and managed by some Member States. All the four APAC FPP personnel are seconded by China and are reporting to the Chief RSO.

36. OIO noted regular monitoring and progress reports, in line with the stipulations in the project documents, were prepared by the Project Manager and shared with the relevant project steering committees, though this is a manual process. Achievements were assessed against items of the workplan annually and form part of the Monitoring and Evaluation Plan submitted to the Governance Board, i.e., Project Steering Committee.

37. Though these projects were being implemented by the APAC RO and RSO, OIO did not review the financial data of these projects, such as the annual project budgets versus project expenses incurred in 2023 and 2024, etc., due to the unavailability of this information. The RO indicated that this information sits with CDI, who monitors the financial aspects of each project, and that the RO is responsible for overseeing that those project activities undertaken are in line with the annual project workplans approved by the relevant Project Steering Committees and that there is no duplication with the work covered under the annual operating plans of the APAC Region.

38. Based on the project documents and progress reports reviewed and discussions with relevant stakeholders, the governance aspects of the implementation of regional projects are satisfactory. However, project-specific risks were not updated and there are no project-specific risk mitigation plans in place.

39. The monitoring aspects of regional projects should be improved and formalized between CDI and the RO on each Unit's roles and responsibilities.

40. OIO is currently performing an evaluation of the project lifecycle and will cover a sample of regional projects ICAO-wide; therefore, a recommendation will be issued as part of the observations of this evaluation.

Section II: Governance, risk management, and internal control system

Fit for purpose structure and funding

41. The allocation of tasks and responsibilities between the RO and RSO is clear and is described in the document titled "Regional Office Standing Instructions". This document sets out the areas of responsibility for both offices. The establishment of the PLO to provide support and understand the needs of the PSIDs adds to the effectiveness of the RO. Effective implementation of the workplans in the Region requires that there are sufficient human and financial resources and that activities by the RO and RSO, across the APAC Region, are performed in a coordinated manner.

42. While the APAC RO has the structure and resources to fulfil its mandate and a concept of the potential staffing to further its objectives, there are some constraints, including funding, that need to be addressed to ensure the achievement of its 2025 KPIs, as opposed to 2024 when 85% of the annual objectives were met.

43. OIO observed that not all the thematic areas and newly emerging areas are covered by available resources, and all three APAC Offices are using secondees to address this gap, which represents a less sustainable solution in terms of business continuity. Additionally, there are many unplanned State requests and invitations to meetings that divert resources from the planned activities, so the APAC RO and its Offices may struggle with achieving its planned targets. The main root cause is a not yet finalized functional analysis of gaps between current staffing and their contracts, and the structure needed to deliver on the expanding priorities, without de-prioritizing some of the existing ones.

44. APAC is covering these thematic priorities by allocating them within the existing technical officers' establishment. OIO notes that the post for a Regional Officer, Aviation Environment and Implementation Support was advertised, and this is expected to improve the implementation and coordination within the APAC region on matters related to the ICAO Environment Strategic Objective.

45. OIO also noted that the Pacific Liaison Officer position is currently funded by voluntary contributions. Given the importance of this role in supporting PSIDS, and the fact that support will be required in the foreseeable future, relying on voluntary contributions creates an inherent risk to the continuity of this position and the effectiveness of the support provided to PSIDS. The long-term sustainability of this Office will be determined by the host state's continued willingness to host it, but at present, there is no expectation that it will withdraw from the agreement. The sustainability of the Pacific Liaison Officer's role, as well as any additional personnel that may be deemed necessary in the future, will depend on securing adequate funding.

46. The RSO has 13 personnel, of which 11 are secondees who have short-term contracts of up to three years. This affects the continuity and quality of operations and the retention of institutional knowledge. To mitigate the risks and challenges associated with the heavy reliance on secondees, there is a need to review the staffing structure at the RSO to determine whether a more sustainable solution can be found. This matter was already highlighted by OIO in its report of APAC RO and RSO issued on 21 November 2018[1].

47. There may be a need to add additional resources, secondees and/or staff/personnel, which will streamline the workload and provide room for improved services to Member States. Consultations with various stakeholders indicated inadequate staffing in each functional area.

48. OIO was informed that the RO prepared a functional review of the resources required and has included it with the submission of the Triennium Budget (2023-2025 and 2026-2028) but the organizational budget does not allow the request to be fulfilled. OIO highlights that at the current resource level, not all deliverables and expectations may be met and invites the Regional Office to closely monitor the existing risk and continue its efforts in sustaining its staffing establishment.

RSO surplus in Bank Account

49. OIO observed that at the end of 2024, the RSO local bank account had a surplus of roughly US$ 1 million. This surplus was a buildup of the annual contribution from the host country for the RSO's annual operations, as, during the COVID-19 pandemic, the RSO was not able to spend the whole contribution.

50. To address this, the supplementary agreement, revised in June 2023, indicates that the surplus requires mutual agreement between the APAC RD and the host state. In line with this, a procedure was put in place to utilize the surplus over a period of time, and some funds were already utilized for training in 2024, with further planned initiatives for 2025.

51. Since the APAC RO covers 39 states, OIO advises that the RO continue the dialogue with the host state and provide concrete priorities and project proposals to be funded from the surplus in the furtherment of the APAC regional objectives, to avoid the situation where the funds need to be returned. This may also be an opportunity to consider requesting funding for staff contracts for critical posts that should not be performed by secondees.

Control environment

52. The APAC RO management has set up an adequate control environment and culture in the office to ensure that personnel are abreast of standards of conduct, ethical values, and fraud prevention. Ethics training is up-to-date, and leadership dialogues are used as a forum to raise awareness about some ethical issues and dilemmas. Fraud prevention and detection have been done through the existing controls, but the RO and RSO have not performed a dedicated fraud risk assessment to see if the current corporate controls are sufficient to mitigate the local inherent fraud and corruption risks, or if additional measures need to be taken.

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[1] OIO Audit Report IA/2018/6, Recommendation 2.

53. OIO advises that the APAC RO should conduct a dedicated session on fraud and corruption to check if there are any gaps in the existing controls when they conduct an overall risk assessment exercise. Such an assessment should take into account the controls over its RSO and PLO.

54. OIO noted that there is a lack of segregation of duties (SoD) and oversight over the payment process ██████ ██ ██ ██ The root cause is the lack of understanding of the ICAO rules, as well as the lack of SoD in a small office with only two fixed-term employees funded from the regular budget. ████████████████████████████████████ ████ ███████ ██████████████ ██████████████████████ ██ ██ ██████████████████████████████

55. The RD certifies the annual MASD, however the audit showed that some of the management assertions could be better tested, validated and supported by documented processes. For example, OIO raised some observations related to SoD and completion of mandatory training which were not flagged, as required in the annual signed 2024 MASD. The RO should continue validating its MASD assertions through compliance-related reports.

Recommendation 1 (High Priority)   Improved segregation of duties and reviews

The Regional Director, APAC should develop a matrix for segregation of duties at the RSO for transactions that will be reviewed and approved by a second-level authority within the APAC RO.

Section III: Operational controls

Procurement

56. The RO and RSO procurement activities are mainly related to operational activities (internet, utilities, office premises insurance, cleaning, security, air conditioners, etc.), procurement of IT items, catering for planned events, etc. Overall, the Offices complied with the Procurement Code; however, there were certain areas where controls over the procurement process should be strengthened. OIO reviewed a sample of 30 procurement cases and noted exceptions in the sections that follow.

Sole source solicitation and justification for reasonableness of costs

57. Sole sourcing is a non-competitive procurement process through the solicitation from only one vendor. It does not require bids or quotes from prospective vendors, implying a lack of full and open competition. While permitted within the UN system and in the Procurement Code, sole source procurements bear inherent risks to obtaining and demonstrating best value for money because the price from a sole vendor might not be competitive.

58. OIO reviewed a sample of five sole source procurements at the APAC RO amounting to CA$ 15,792 and is of the view that two cases totalling CA$ 4,577 were not adequately planned, which would have allowed for competitive quotes to be sought.

59. An assessment of the reasonableness of quoted prices is mandatory when only one offer is received or in the case of a sole source. OIO observed that for all five sole source cases reviewed, there was no reasonableness of cost checks to ensure best value for money.

Procurement due diligence

60. OIO noted four cases at the RO for catering, amounting to CA$ 22,387, where the second highest bidder was selected. The RO indicated that since the costs were not materially different, they wanted to have a variety in the catering and a rotation of vendors, instead of always selecting the cheapest vendor or the same company. It was also highlighted that if the same vendor was selected for the same services over a 12-month period, it would exceed CA$ 10,000, negating a more formal solicitation method. There was 1 case amounting

to CA$ 6,590 where the highest bidder was selected with the reason that if additional items were added by the other bidders, the quote accepted would have been cheaper. In such instances, comparative quotes should be obtained before vendor selection.

61. OIO also noted an instance at the RO amounting to CA$ 3,596 where the items being selected were based on criteria not communicated to all the vendors. In other words, the evaluation departed from that communicated to all the vendors, which is not in line with the principle of fairness per the Procurement Code.

62. At the RSO, OIO identified four payments totalling CA$ 92,328 (including some related to premises utilities and property management fees) whereby a PO/DPO was not raised prior to making the payment for services. For another case valued at CA$ 1,390, it was identified that direct contracting was made to host an event for RSO. The regular procurement process was not followed, and no PO was raised. OIO was informed that the RSO was informed one or two days prior to arranging the event.

63. There were four cases amounting to CA$ 7,978 whereby a local UN Long Term Agreement (LTA) was used; however, the items procured by the RSO were not part of the list of items included in the LTA.

64. The RSO uses one LTA for travel, which provides the choice of two local travel agencies, and these required secondary bidding for tickets that exceeded US$ 1,000, however, this was not followed as the RSO was unaware of the requirement. At the RO, flight quotes were only obtained from one vendor, instead of obtaining competitive quotes as required.

Recommendation 2 (Medium Priority)   Procurement process compliance

The Regional Director, APAC and the Chief RSO should ensure that the requirements of the Procurement Code are complied with, including addressing the issues identified by this audit.

Financial Management

65. While operating plans, mission travel, as well as the areas of support to Member States between the RO and RSO are coordinated, there is no oversight over RSO operational transactions. The audit identified several cases where petty cash claimed, and hospitality expenses incurred at RSO were not used in accordance with policy. The below sections reflect the weaknesses noted, as claims were not always substantiated to be of an official nature.

Usage of petty cash

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███

67. The audit noted exceptions in six of the eight months of petty cash claims reviewed ███████████
███
████████████ the amount of claims not adequately substantiated is not insignificant.

68. The root cause is that RSO was not clear as to what can be paid from petty cash, as well as the lack of segregation of duties and oversight discussed in para 54. It was noted that the bank signatories were updated in October 2023; however, in practice, the approach is still the same.

69. OIO also noted an instance at the RO where a claim should not have been allowed, amounting to CA$ 109.

Hospitality expenses and claims

70. OIO noted weaknesses in the process for the incurrence and claiming of hospitality expenses ████████ █
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71. For every case, there was a duly approved hospitality form 019; however, the segregation of duties for approval of payments was absent in that these forms were prepared by the claimant, approved by the claimant, and paid by the claimant.

72. OIO highlights that the volume of petty cash used for hospitality expenses at the RSO exceeds that of the RO, while the APAC RO has more than double the staff complement.

Recommendation 3 (High Priority) **Oversight of RSO operational transactions**

The Regional Director, APAC should:
i.   Assign a staff member from the APAC RO to review and approve all petty cash claims and hospitality expenses prior to making the reimbursement.
ii. Undertake a review of all petty cash and hospitality claims ██████████████████████ ██ ███████████████

Travel Management

Mission planning, compliance, and reporting

73. The Administrative Instructions (AI) on Official Travel indicate that travel arrangements must commence as early as possible, preferably at least 21 calendar days prior to the anticipated departure date. Effective planning of mission travel is important to achieve operational efficiency and cost savings, as last-minute airfare purchases can be more expensive.

74. OIO reviewed a sample of 23 Mission Travel Authorizations (MTAs) of the RO from 2023-2024 and noted that in 12 cases (more than 50%), the mission travels were approved less than 21 days before the departure date. At RSO, 16% of the sample MTAs were approved less than 21 days before departure. While in some cases, tickets were either issued by host states or funded on a cost-recovery basis and did not have significant financial implications, the RO and RSO should nevertheless improve mission planning to ensure that MTAs are approved and submitted to the Travel Unit in HQ sufficiently in advance.

75. OIO noted that the RO has no LTA for airfare purchases, and there is no competitive pricing, as only one travel agency is used for purchasing air tickets. The RSO uses a local UN LTA for travel, however, secondary bidding for air tickets above US$ 1,000 as required by the UN LTA was not followed.

76. BSAFE security training and the United Nations Department of Safety and Security (UNDSS) security clearance are mandatory requirements for all official travels undertaken by ICAO personnel. While all RO and RSO personnel had completed their BSAFE training, OIO noted that in three out of 23 cases at the RO, a UNDSS security clearance was not obtained prior to the mission travel. The compliance with the security clearance requirement was 100% for the sample MTAs at RSO. Furthermore, the requirement of medical clearance for official travel was also not complied with. Both the RO and RSO explained that in some cases, a medical clearance request was submitted to the HQ Medical Services, however, no response or clearance was received, leaving staff uncertain whether this requirement is mandatory. These mandatory requirements are important for security and insurance purposes and must be complied with for all mission travels.

77. Per the Regional Offices Manual, a mission report should be completed within one week of the end of the mission using the mission report template. A review of a sample of 23 official missions indicated that all except one mission reports were available. At the same time, the APAC Region has no central repository of mission reports, and they are currently maintained by individual Programme Assistants in different sections. There is no mechanism to ensure that action points listed in the mission reports are systematically followed up on. In the absence of a repository of action points listed in the mission reports, there are risks of deficient implementation and timely follow-up of all the action points. The RO and RSO will benefit from maintaining a database of action points of the mission reports, and such a step will strengthen the aspects related to accountability, knowledge management, and succession planning.

Administration of mission travel

78. Overall, OIO noted weak controls over travel management at the RO as the function is not centrally managed and delegated to Programme Assistants of different functional areas to liaise directly with the travel agency, obtain quotes, and purchase tickets. OIO is of the view that travel management is a core administrative function and should be centralized within the Administration Section to ensure effective and efficient mission planning, compliance with requirements, consistency in procurement, absence monitoring, and reporting.

The Mission Travel module of the new ERP system should help to streamline the process, including automated budget checks and calculations.

79. OIO also observed that personnel at the RSO were not aware of their entitlement to receive a travel advance and that personnel only received their DSA after returning from their duty travel. This was not the case for RO staff. Personnel should be made aware of their entitlement. With the launch of the mission travel module of the new ERP system, all personnel will have the option to request a DSA advance prior to the commencement of mission travel.

> **Recommendation 4 (Medium Priority)**   Enhance mission reporting and travel administration
>
> The Regional Director, APAC should strengthen oversight by centralizing the travel function, obtain fares from at least two travel agents, and store mission reports in a central repository.

Funding for mission travel

80. The mission travel for the Chief, RSO is financed from several different sources rather than from a single budget, and the Chief RSO and second ICAO regular staff still do not have a fixed travel budget. As a result, such mission travel expenses are covered from alternative sources of funding such as the APAC RO travel budget, or from an entity hosting/sponsoring an event.

81. This situation increases the risk that planned missions and programme activities may not be carried out and increases the complexity of travel administration since different travel rules are applied according to the requirements associated with the different sources of funding. The issue of mission travel funding was already raised in two previous OIO audits of the APAC RO and RSO[2], however, the situation has not improved.

82. OIO advises that the Chief, RSO should discuss the issue of mission travel with the Regional Director of the APAC RO, in order to determine whether a separate budget can be established for the RSO to cover planned and unfunded mission travel expenses.

Human Resource Management

Succession planning

83. The APAC RO is facing a key person risk, as several of its technical officers and leadership are close to their contract end or retirement. This requires succession planning, effective handover, and transition. This risk is expected to be incorporated in the APAC RO's risk register and mitigated properly.

84. It was also noted that the Head of the PLO was due to retire in April 2025, and the contract was extended to July 2025 to ensure that there is no gap in the operations of the PLO. Since this is a new liaison office that was inaugurated only in August 2024, it is important to have a succession plan in place, as relationships within the PSIDS states were just being built, and it is also important to have a good handover with the upcoming leadership change. OIO noted that the position was advertised in a timely manner and that as of 15 March 2025, the recruitment was ongoing.

Recruitment

85. OIO reviewed a sample of nine recruitment cases from 2023 and 2024, including both Professional and General Service staff. No deviations were noted in that the RO followed the standard competitive recruitment process, including a written test and interview, and that all shortlisted candidates met the requirements of the vacancy announcement.

86. However, OIO observed significant delays in three recruitment cases, ranging from 10 to 13 months. Moreover, at the time of audit fieldwork, three posts were expected to be vacant during the year due to the retirement of staff, however, vacancy announcements for these posts had not been issued yet. The delays were not always within the APAC RO's control and are being addressed at the corporate level by the business

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[2] EAO Audit Report IA/2015/3, Recommendation 10 and EAO Audit Report IA/2018/6, Recommendation 6.

process owners where HR is working on streamlining and shortening the end-to-end recruitment process and improving succession planning tools.

87. Timely completion of the recruitment process is essential to ensure continuity and avoid disruption or placing additional strain on existing staff to meet operational demands. The cumulative extent of vacancies across technical positions creates a gap in staffing necessary to deliver on the strategic priorities.

Staff Development and Learning Management

88. As of February 2025, six personnel at the RO had not completed all the mandatory trainings, however, the 2024 annual MASD signed by the RD inaccurately shows 100% compliance. At the same time, OIO was informed that there were previous instances where the training records maintained by HQ were not up to date. All staff, including gratis personnel, must complete the mandatory training within the stipulated time allowed.

Information Technology, Business Continuity and Physical Security

89. ██

90. ████████████ ██████ ██

91. ██

92. In October 2021, a new backup process was set up by Headquarters using cloud storage under the One ICAO project, which also facilitates the restoration of data backed up in the cloud. All RO and RSO data stored on servers were already synced in Azure, and regular backups are stored in the cloud. The RO indicated that it has conducted regular tests to verify the restoration of data from its cloud backups, however, the results of these restoration tests were not documented. ██

93. ██

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[3] Active Directory is Microsoft's directory service product that contains information for managing users and resources in a computer network.
[4] Virtual Private Network

Recommendation 5 (Medium Priority)   Information Technology issues

The Regional Director, APAC should:
  i. Implement stricter controls for deactivating user accounts upon employee separation and conduct periodic reviews of active accounts to ensure compliance with security protocols.
 ii. Document the outcomes of restoration tests to ensure the reliability and effectiveness of its cloud backup and recovery processes in case of a business continuity disruption.

Business Continuity Planning

94. Fully effective business continuity planning is only possible after carrying out a formal business impact analysis (BIA) to identify critical business processes and to establish the required recovery point objectives and recovery time objectives in respect of each critical function. The process of updating the RO and RSO Business Continuity Plans (BCPs) should be led by the RO to ensure that both BCPs are linked to enable coordinated efforts to be taken in the event of business interruption. Moreover, to be effective, BCP should be tested on a regular basis.

95. OIO noted that the latest approved Regional Office Business Continuity Plan was dated June 2021. The BCPs for the RO and RSO were last tested during the COVID-19 pandemic, updated in December 2024 and February 2025, respectively, however, they were not yet approved and tested.

Physical Safety and Security

96. The host countries provide ICAO with the necessary facilities and support to establish and maintain the APAC Offices in the region, which include rent-free premises for office space. The APAC RO, which is in Bangkok, has a moderate threat level for crime and political protests and a higher threat level for natural disasters, e.g., earthquakes. The RO last completed a Security Risk Management (SRM) Measures Self-Assessment (formerly known as MOSS Self-Assessment) in 2019. The SRM Measures Self-Assessment is a primary mechanism for managing and mitigating security risks to personnel, property, and assets of UN organizations. It encompasses a range of measures designed to reduce the level of risk, as identified in the SRM process, to an acceptable and manageable level. The last Security Assessment for RSO was done in 2018, and the office did not conduct an SRM Measures Self-Assessment.

97. All RO and RSO personnel have completed the mandatory BSAFE security awareness training.

Recommendation 6 (High Priority)   Approval and testing of BCP and conduct security assessment

The Regional Director, APAC should:
  i. Finalize the BCPs for the RO and RSO based on a business impact analysis and test them to ensure that the Offices can resume operations and effectively activate the crisis management steps outlined therein, should the need arise.
 ii. Conduct a new SRM Measures Self-Assessment that is validated by UNDSS to mitigate against any new security risks, covering the RO and its Sub-Offices.

Asset Management

Recording of fixed assets

98. Due to the absence of a corporate system to automatically record assets purchased, the APAC RO and RSO are required to maintain an Excel table to add newly purchased assets, record annual asset inventory counts, update the condition and location, and identify any asset disposals, etc; this approach is the same ICAO-wide.

99. OIO conducted both an existence test and a completeness test for verification of fixed assets at the RO and RSO. All sampled assets in the existence tests conducted were accounted for. For completeness of recording, two servers at the RSO were not recorded, and at the RO, a bar code scanner was not recorded in the asset inventory list.

100. OIO also noted weaknesses related to the recording and disposal of assets in the asset inventory list. The asset listing of the APAC RO submitted to HQ at year-end 2024 contained 1350 entries:

- 49 assets were marked as obsolete, broken, lost, or out of order but were still recorded.
- 6 assets that were written off were still in the asset listing.
- 764 assets (56%) were assigned to a "General" custodian.
- 207 (15%) assets were assigned to a section or a unit.

101. Assigning assets to "General" or a section/unit instead of individual personnel dilutes responsibility and custodianship and makes it difficult to trace assets.

102. ICAO is transitioning to using the asset management module of Quantum, which went live in April 2025. This will enhance data accuracy, security, access control, and reporting functionalities, allowing for better oversight of asset lifecycle management and compliance with financial and operational standards.

Donated assets not recorded

103. OIO noted that assets donated by the Host State for the use of the APAC RO were not recorded in the asset register and submitted to HQ as part of the annual asset inventory verification exercise, whereas in the RSO, those assets donated by the Host State were included in the asset inventory submitted to HQ.

104. In line with the International Public Sector Accounting Standards (IPSAS), for financial reporting purposes, no distinction should be made between purchased or donated assets as long as the assets meet the use and control criteria. OIO confirms that these assets are in the control of the APAC RO and are for their exclusive use and therefore should be recorded and reported for financial reporting purposes.

Recommendation 7 (High Priority)   Recording of donated assets and strengthening asset management

The Regional Director, APAC should:
  i. Strengthen asset management by maintaining a complete and updated inventory list, including donated assets; obsolete assets should be written off and removed from the asset inventory list.
 ii. Submit an updated and complete asset inventory list to FIN for bringing the donated assets into the ICAO financial accounts.

ANNEX 1: MANAGEMENT ACTION PLAN

Ref	Recommendation	Closure Criteria	Priority Rating	Accepted (Y/N)	Agreed Actions	Office/ Section Responsible	Target Date
1.	The Regional Director, APAC should develop a matrix for segregation of duties at the RSO for transactions that will be reviewed and approved by a second-level authority within the APAC RO.	List of transactions that will be reviewed and approved by the APAC Office for operations of the RSO, with evidence of such reviews.	High	Y	A segregation is already in place whereby all mission travels, recruitments, teleworking request, procurement (DPO/PR) related matters including petty cash and hospitality expenses are submitted for review and approval by the APAC RD prior to onward transmission. Internal control framework will be updated to reflect the arrangements.	RO and RSO	31 Dec 2025
2.	The Regional Director, APAC and the Chief RSO should ensure that the requirements of the Procurement Code are complied with, including addressing the issues identified by this audit.	a. Documented reasonable price checks from other vendors that provide the same or similar goods/services within an acceptable time range. b. Approved POs/DPOs for all procurement-related transactions. OIO will verify a sample in the future. c. Comparable quotes for the same goods/services before vendor selection. d. Records of training on procurement of relevant RO and RSO personnel.	Medium	Y	a. Price checks from other vendors that provide the same or similar goods/services will be performed for all procurement of goods and services. b. Complete training on procurement by relevant RO and RSO personnel.	RO and RSO	31 Dec 2025 30 Sept 2025

Ref	Recommendation	Closure Criteria	Priority Rating	Accepted (Y/N)	Agreed Actions	Office/ Section Responsible	Target Date
3.	The Regional Director, APAC should: i. Assign a staff member from the APAC RO to review and approve all petty cash claims and hospitality expenses prior to making the reimbursement. ii. Undertake a review of all petty cash and hospitality claims ██████████ ███████████████████ ███████████████████ ████████ ██ ██ █████ ██ ████ ████	a. Nominate a staff member to perform oversight of RSO petty cash and hospitality expenses with evidence of such reviews. b. ████████████████████ ██████████	High	Y	a. Internal control framework will be updated to reflect the oversight of RSO petty cash and hospitality claims by ADMO b. Claims made by RSO will be reviewed by ADMO on a monthly basis to ensure compliant with official purposes prior to being reimbursed by RSO. c. ███████████████ ████████████████████ ██████████████████ ███	RO and RSO	31 Dec 2025 ████████ ████████ ██████
4.	The Regional Director, APAC should strengthen oversight by centralizing the travel function, obtain fares from at least two travel agents, and store mission reports in a central repository.	a. Communication to all personnel of the requirements of the AI on Official Travel and the need to adhere to its requirements with exceptions appropriately documented and justified. b. Usage of LTA or competitive quotes prior to purchasing of air tickets. c. Development of a central repository of all mission reports for following up and monitoring action points from these missions. d. Issuance of a standard operating procedure on the centralized travel management process within the APAC RO.	Medium	Y	a. Email to all staff members informing of the procedures to be applied for official missions, including a travel guide/flowchart. b. Competitive quote options will be applied prior to purchasing air tickets locally. c. Central repository of all mission reports has been established, and staff members will be informed that mission reports must be submitted within 30 days following the mission. d. SOP to be established detailing travel management processes within APAC RO and shared with staff members.	RO	31 Dec 2025

Ref	Recommendation	Closure Criteria	Priority Rating	Accepted (Y/N)	Agreed Actions	Office/ Section Responsible	Target Date
5.	The Regional Director, APAC should: i. Implement stricter controls for deactivating user accounts upon employee separation and conduct periodic reviews of active accounts to ensure compliance with security protocols. ii. Document the outcomes of restoration tests to ensure the reliability and effectiveness of its cloud backup and recovery processes in case of a business continuity disruption.	a. Documented regular review of active user accounts for timely deactivation of separated employees accounts. b. Documentation of data restoration results from Azure cloud. c. Destruction of physical backup tapes not needed or stored in a secure location.	Medium	Y	a. APAC RO will establish an SOP to review active user accounts and ensure timely deactivation of separated employees' accounts, as well as data restoration results from Azure cloud. b. Physical backup tapes are stored in a secure location and RO IT is currently awaiting guidance from the Chief of ICT regarding the secure disposal of these tapes.	RO	31 Dec 2025
6.	The Regional Director, APAC should: i. Finalize the BCPs for the RO and RSO based on a business impact analysis and test them to ensure that the Offices can resume operations and effectively activate the crisis management steps outlined therein, should the need arise. ii. Conduct a new SRM Measures Self-Assessment that is validated by UNDSS to mitigate against any new security risks, covering the RO and its Sub-Offices.	a. Submission of updated and approved BCPs for RO and RSO and evidence that this has been tested. b. Submission of validated SRM Measures Self-Assessment for the RO, RSO and PLO.	High	Y	a. BCPs for RO and RSO will be updated and submitted for approval. Following which the BCP will be tested during an offsite meeting to ensure a thorough assessment of its effectiveness. b. RO will coordinate with the UNDSS for the SRM Measures Self-Assessment and submit the evidence of the coordination and/or assessment undertaken.	RO, RSO. PLO	31 Dec 2025

Ref	Recommendation	Closure Criteria	Priority Rating	Accepted (Y/N)	Agreed Actions	Office/ Section Responsible	Target Date
7.	The Regional Director, APAC should: i. Strengthen asset management by maintaining a complete and updated inventory list, including donated assets; obsolete assets should be written off and removed from the asset inventory list. ii. Submit an updated and complete asset inventory list to FIN for bringing the donated assets into the ICAO financial accounts.	a. An updated and accurate asset listing with correct asset status, location, custodianship, and value, incorporating all the RO's assets, whether purchased or donated. b. Communication with FIN and proof of full inventory with the valuation of donated assets meeting the asset capitalization threshold.	High	Y	a. RO will perform the inventory by year-end to ensure accurate asset listing with correct asset status, location, custodianship, and value. b. RO will submit the list of donated assets to FIN for further processing into the ICAO financial accounts.	RO	31 Dec 2025

ANNEX 2: DEFINITION OF AUDIT TERMS

Audit Ratings

In providing an overall assessment of the results of the audit, OIO uses the following standardized audit rating definitions:

Audit Assessment	Definition
Effective	Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Some Improvement Needed	A few specific control weaknesses or areas for improvement were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Major Improvement Needed	Several key control weaknesses were noted and/or several areas of strategic/high importance were identified where significant improvements can be made to increase efficiency and effectiveness.
Unsatisfactory	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

Internal control is defined as a process effected by senior management and staff, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance objectives. Whilst internal control provides reasonable (but not absolute) assurance of achieving organizational objectives, limitations may result from:

- suitability of objectives established as a precondition to internal control;
- reality that human judgment in decision making can be faulty and subject to bias;
- breakdowns can occur because of human failures such as simple errors;
- ability of management to override internal control;
- ability of management, other staff, and/or third parties to circumvent controls through collusion;
- external events beyond the organization's control.

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.