

Board of the Centre

85th Session, October 2021

CC 85/5/4

FOR INFORMATION

FIFTH ITEM ON THE AGENDA

Follow-up to the recommendations of the Chief Internal Auditor for the year ended 31 December, 2020

I. Introduction

1. The Chief Internal Auditor of the International Labour Office (ILO), also the Internal Auditor of the Centre, presented at the 83rd Session of the Board (October 2020) a report on significant findings resulting from an internal audit assignment undertaken at the Centre in 2019.¹
2. Based on a risk assessment of the Centre's business operations, the Office of Internal Audit and Oversight (IAO) issued one assurance audit report in December 2019 that focused on the review of the Payroll of the Centre. The audit did not identify any critical control weaknesses however it issued five high-importance recommendations to management.
3. This paper reports on the follow-up actions undertaken on the IAO's recommendations on the above audit. All high-importance priority recommendations contained in the Internal Auditor's report to the Board in October 2019, along with the Centre's responses and details of completed follow-up actions, are set out in the Appendix.
4. The Centre will continue to work with the IAO and keep the Chief Internal Auditor informed on the progress of the implementation of any outstanding recommendations.

Turin, August 2021

¹ CC 83/5/3.

APPENDIX

Recommendation No.	Recommendation	Centre response	Implementation status
Audit of Payroll			
1	The Centre should take measures to ensure the integrity of the payment file from the point of its production in the payroll system to the point of import into the electronic banking system. As a suggestion to achieve this, the Centre should explore the possibility of implementing a secure end-to-end control on the payment file (such as a hash total) which prevents payment files being uploaded into the electronic banking application if its contents are altered between the point of creation and the point of import into the electronic banking application.	Management will be implementing a fully automated application provided by its banking partner whereby the IRIS-Win generated file will be uploaded to the banking platform automatically. Human intervention will no longer be required. In addition, access to Filegate will be limited to one non-payroll staff member, as one access is required. Alerts will be generated to the Treasurer if any actions to the application occur, as a control.	Completed
2	In the interim period, until the Centre develops a hash total or similar solution to secure the payroll file, ICTS should generate an email to alert the Treasurer and any other designated officials as necessary in the event that the contents of the directory containing the monthly payroll file is modified. Upon receipt of such an email, the Treasurer should verify that any such modification is justified.	Disagreed. Management does not deem the cost associated with such temporary work to be beneficial for such a short period, as recommendation 1 will be implemented in early 2020.	Completed
3	The Centre should segregate the roles of Payroll Administrator and Payroll Preparer in IRIS-Win.	<p data-bbox="1088 1070 1702 1134">Agreed. The Treasurer has already initiated the work for full implementation in the first half of 2020.</p> <p data-bbox="1088 1174 1702 1367">Update: Unfortunately after discussion with the vendor that owns the IRIS-WIN application, the application does not permit setting up of any roles and responsibilities nor does it already have a built-in workflow. As a result, the Treasurer is now exploring other options, including having its payroll hosted by the ILO.</p>	On-going

4	<p>The Centre should review all current access privileges in the payroll system, assign the access privileges to users on a need-to-have basis and remove all unrequired user accounts.</p>	<p>Agreed. The Treasurer will define specific roles, including that of administrator, in the system. A review of the current user privileges is currently underway to ensure that only staff members needed access are active users and assigned a specific role. All others will be cancelled.</p> <p>Update: After discussions with the vendor, different roles are not possible as the application was built with only one role with all privileges. Once another option is identified, roles and privileges will be implemented.</p>	On-going
5	<p>The Centre should define a role of payroll system administrator and assign it to a member of staff that has no responsibilities for undertaking payroll or human resources functions.</p>	<p>Agreed. The role of administrator will be assigned to a staff member that has no payroll or HR functions.</p> <p>Update: There is only one role in the IRIS-WIN application and it is that of administrator, which is required to do any work in the payroll. Once another option is identified to change the system, such role will be properly assigned.</p>	On-going