

Board of the Centre

78th Session, Turin, 29 - 30 October 2015

CC 78/4/5

FOR INFORMATION

FOURTH ITEM ON THE AGENDA

Follow-up to the recommendations of the Chief Internal Auditor for the year ended 31 December, 2014

Introduction

1. The Chief Internal Auditor of the International Labour Office (ILO), who is also the Internal Auditor of the Centre, presented to the 77th Session of the Board (October 2014) a report on significant findings resulting from its internal audit assignments undertaken at the Centre in 2013.¹
2. Based on a risk assessment of the Centre's business operations, the Office of Internal Audit and Oversight (IAO) issued three assurance audit reports in 2013 as follows:
 - two audits initiated in 2012 and conducted by external consultants contracted by IAO were concluded. The audits reviewed the cost accounting methodology used to allocate expenditure to training activities and the cost-sharing arrangements with the two UN organizations hosted on the campus i.e. the United Nations Interregional Crime and Justice Research Institute (UNICRI) and the United Nations System Staff College (UNSSC);
 - an audit was undertaken of the Oracle e-Business Application and the banking system used for payroll disbursement and the final report was issued in October 2013.
3. This paper reports on follow-up action taken in 2014 on the IAO's recommendations on the above three audits. All high priority recommendations contained in the Internal Auditor's report to the Board in October 2014, 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 of progress on the implementation of any outstanding recommendations.

Turin, 1 September, 2015

¹ CC 77/7/2.

Recommendation No.	Recommendation	Centre response	Implementation status
Audits on the costing of the training programmes and the cost-sharing arrangements on the campus			
1	Review the cost allocation model to provide a more accurate calculation of contribution to fixed costs and enhance the management information to support the decision making process.	The Centre issues separate pricing policies for its training activities and Masters' Programmes. These are updated annually. A new pricing policy for competitive bids made in consortia is under development (July 2015).	In progress
2	Investigate the possibility of making greater use of IT systems to support the allocation model taking into account cost benefit considerations.	IT solution options were presented and reviewed by potential developers based on the utilization of systems platforms that are already in use at the Centre. The options presented were not viable.	No longer considered feasible
3	<p>Revisit the cost sharing methodologies used to recover all relevant costs with an objective of applying a more consistent and equitable cost recovery system for the Centre, UNICRI and UNSSC.</p> <p>Formalize the methodology in a policy document to facilitate any change in the campus environment or parties concerned.</p>	<p>The report of the consultants was shared with both UNICRI and UNSSC in December, 2013. The findings were discussed with both UNSSC and UNICRI in March 2014. In August 2015, discussions were held with UNICRI to agree on the application of the existing agreement.</p> <p>Detailed procedures have been prepared documenting the methodology used for cost-sharing with UNSSC and UNICRI.</p>	Fully implemented
4	Enter into discussions with UNSSC and UNICRI to revise the cost sharing agreements.	The Parties to the agreements are the ILO and the UN. Any changes to the agreements have to be agreed between them. The Centre has communicated to the UN, UNSSC and UNICRI the ILO's readiness to revisit and revise the agreements.	No longer considered feasible

Audit on ORACLE e-Business application

1	Review electronic banking security relating to e-banking and related controls.	The Centre revised all necessary controls to ensure proper segregation of duties and adequate internal controls.	Fully implemented
2	Review the controls applied in the Centre's use of the financials system by users as well as in monitoring the compliance to its security policy.	The Centre has revised its IT change management process to address these matters.	Fully implemented