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# FINANCE COMMITTEE

**Hundred and Seventy-eighth Session**

**Rome, 4- 8 November 2019**

**Management Response to the Recommendations presented in the Report of  
the External Auditor for 2018**

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EXECUTIVE SUMMARY

- This document presents the Management Response to the recommendations detailed in the Report of the External Auditor for 2018.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Committee is invited to review the document and provide its guidance as deemed appropriate.

Draft Advice

**The Committee:**

- **noted the management response and proposed actions to implement the recommendations presented in the Report of the External Auditor for 2018; and**
- **encouraged the Secretariat in its efforts to close the outstanding recommendations.**

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## **Introduction**

1. The table below presents the management comments for the recommendations contained in the Report of the External Auditor for 2018. The External Auditor will validate the management comments and actions taken on these recommendations during the audits scheduled for the end of 2019.

Recommendation	Suggested Timeline	Responsible Unit	Management Response
<b>FUNDAMENTAL</b>			
<b>Financial Matters</b>			
<b>Liquidity of the Organization</b>			
1	Consider the changes in the timing of payments by major contributors in monitoring and forecasting its cash position and align expenditure patterns with the cash inflow to ensure that obligations to implement the approved Programme of Work are covered. (Paragraph 43)	2019	CSF  Changes in the timing of receipt of major contributions are already built into cash flow estimates and scenarios are routinely developed to anticipate potential shortfalls in liquidity. On the expenditure side, delays in making payments have shown to have limited impact on the cash-flow, particularly given that much of FAO's Regular Programme expenditures are on staff salaries.
2	Make more robust representations with member nations for the consistent and timely payment of their current assessed contributions and arrears to ensure the availability of sufficient funds for the operations of the Organization. (Paragraph 44)	2019	CSF  The Secretariat continues to follow-up with Member Nations on a regular basis to encourage timely payment of assessed contributions and arrears: <ul style="list-style-type: none"> <li>- Monthly reports on the status of contributions are prepared and posted on the FAO Website.</li> <li>- Quarterly statements are sent out to all member countries with assessed contributions outstanding.</li> <li>- Follow-ups are made by phone to those owing more significant amounts to ensure proper liquidity.</li> <li>- Regular reporting is provided to the Governing Bodies on this matter.</li> </ul>
<b>Employee Benefits Obligations (EBO)</b>			
5.	Develop written guidelines that will contain procedures, manner of allocation, and other appropriate conditions, to distribute the refund or profit share among the respective participating RBAs (Paragraph 58)	2019 - 2020	OHR  FAO is coordinating with WFP and IFAD regarding a comprehensive review of the apportionment of the balance of profit sharing among the RBAs through the Joint Advisory Committee on Medical Coverage (JAC/MC). The possibility of developing guidelines related to the profit share is under discussion.
7.	Set up specific funding and cost reduction (containment) arrangements within a determined period to address its end-of-service liabilities within the guidance provided by the FAO Governing Bodies. (Paragraph 69)	2019	CSF/OHR  Management continues to draw the attention of the Governing Bodies to this matter, including regularly presenting documents providing updated information on the size of the liabilities, options to address the funding gap

Recommendation	Suggested Timeline	Responsible Unit	Management Response
			of the ASMC Liability, ongoing discussions within the United Nations System on this matter and activities aimed at containing the costs of the current medical insurance plan.
<b>Management of Investments</b>			
8.	Formalize, circulate, and publish as a written policy the present practice of procuring the services of Investment Managers and Custodian. The policy to include: a. detailed activities to be performed in every stage of procurement, from the Initiation, Selection, Approval and Signing of the Financial Contracts; and b. defined criteria in the selection and eligibility requirements of Investment Managers and Custodians, the terms of reference, and other conditions that are deemed appropriate. (Paragraph 73)	2019	CSF
			A written policy will be prepared and presented to the Investment Committee for approval. It is noted that definition of the selection criteria can only be set when the selection is being prepared since it will be different for each type of mandate depending on the class of investable assets and risk budget of the Organization at the time.
9.	Evaluate with due diligence the current performance of emerging market portfolio and determine appropriate avenues where optimal returns are achievable while outperforming the benchmark to ensure that investments in emerging markets are protected against future losses. (Paragraph 78)	2019	CSF
			<p>The FAO treasury unit has submitted the negative excess performance issues to the Advisory Committee on Investments which has expressed concern with this mandate and suggested terminating it. This advice will require to be endorsed by the Investment Committee (IC) before any action can be taken.</p> <p>As reflected in the long-term investment policy, the IC has been delegated the authority to decide on the termination of the account.</p> <p>At the same time Management notes that Investments in any market will follow the market performance. While FAO aims to outperform this result, i.e. the Organization expects the active manager to provide excess returns to the</p>

Recommendation		Suggested Timeline	Responsible Unit	Management Response
				market benchmark, protection against future losses is an incorrect description of long-term investment policy.
Statement of Internal Control (SIC)				
16.	Ensure systematic documenting of the basis for the conclusion on the status of internal controls to support the assurances provided in the SIC, and to further promote accountability and transparency in the process. (Paragraph 108)	2019-2020	OSP/DDO	Agreed. This will be implemented for the Internal Controls Reporting process for 2019.
20.	Address the challenges confronting the Office of the Inspector General (OIG) in its investigation work especially on constraints in resources, and put equal emphasis on and strategize to take prompt and effective action on complaints relating to fraud or misconduct to sustain its strong message that the Organization is serious in combating fraud and misconduct and to better deter their occurrence hence, promoting better fraud controls within the Organization. (Paragraph 128)	2019	OIG	Management agrees with the recommendation and is currently considering options to address resource constraints in order to strengthen the investigative capacity of OIG. The implementation is in progress.
30.	Financial disclosure Initiate the crafting of the most appropriate strategy, in close coordination with the Legal Counsel, which will warrant full compliance by staff with the required financial disclosure statement within a specified period, including the imposition of disciplinary actions for non-compliance to promote better transparency and accountability within the Organization. (Paragraph 166)	2019-2020	OHR/LEG	A Human Resources Officer in OHR has been appointed as dedicated focal point to support the Ethics Office in this exercise. The Ethics Office will submit a formal report at the end of the Financial Disclosure period with clear indications of non-compliance, for appropriate administrative action.
<b>SIGNIFICANT</b>				
Financial Matters				
Employee Benefits Obligations (EBO)				
3.	Ensure a realistic and relevant valuation of post-EBO reported in the financial statements at year-end by coming up with updated and relevant retirement and participation	2019-2020	CSF/OHR	<u>Agreed</u> . The Organization is preparing a report on retirement and withdrawal rates, taking into consideration the new Mandatory Age of Separation from 1 July 2019 and will use this data for the next actuarial valuation. This

Recommendation		Suggested Timeline	Responsible Unit	Management Response
	rates to be used for December 2019 valuation and in future periods. (Paragraph 49)			valuation will also reflect the results of the Lapse Rate study on ASMC participation.
4.	Institutionalize and perform as a regular exercise the conduct of audit on the performance of the Insurance Plans with results available at established times to ensure informed decisions and effective actions. (Paragraph 54)	2019-2020	OHR	<u>Agreed</u> . FAO received an audit report in August 2019 on the performance of the Insurance plan with the current insurer for the contract 2015-2017 and its related extension for the years 2018-2019. Once the new provider is selected, the review of the performance of the plans is expected to become a regular exercise.
6.	Review the balance of Medical Coverage Super (MCS) Numeraries (Account 3232) totalling USD 978,857 in coordination with the Office of Human Resource (OHR), and reallocate the surplus based on the 2019 revised MCS distribution percentage. (Paragraph 62)	2019-2020	CSF/OHR	The balance on the account has been reconciled and actions will be taken to reallocate the balance within 2019.
Shared Services Centre (SSC)				
10.	Undertake the necessary action to enhance further the efficiency and effectiveness of management controls in the services delivered by SSC as well as improve compliance across the Organization with the existing policies, regulations and procedures concerning the SSC process delivery. (Paragraph 83)	2019-2020	SSC	<p>All improvement opportunities identified have been addressed and are recommended for closure:</p> <p>Asset Management: The process for asset additions has been enhanced with improved procedures for Construction In-Progress (CIP) assets communicated to offices and monitored by the SSC. All incorrectly added CIP items have been retired.</p> <p>All the non-trackable expendable goods costing below USD 1 500 and expendable goods costing below USD 500 have been removed from the Asset Register. The SSC now carries out periodic reviews of the asset register.</p> <p>Accounts payable services: The SSC is working on the elaboration of a strategy and plan to consider the centralization of invoice processing. The SSC concluded a first pilot with 6 FAO country offices during which the processes were reviewed and the possibilities to automate</p>

Recommendation	Suggested Timeline	Responsible Unit	Management Response
			<p>parts of the process considered. As a result, a Robotics Process automation is now in design stage to scan and enter invoices into the system. More elements have been identified for automation, and the activities are ongoing to further test the approach and design a fully-fledged strategy.</p> <p>The CSDA dashboard has been deployed and will be used to ensure the effective delivery of responsibilities by Budget Holders and/or Responsible Officers in inserting the receipt of goods in the receiving module as well as to timely submit requests for invoice adjustments to Finance Division (CSF) for approval and SSC for processing.</p> <p>Payroll services. Lending employers are no longer handled through PSA type of contract and as payments are no longer paid through payroll, there are no issues with withheld salaries or honoraria.</p> <p>Increased controls have been implemented to reduce the risk of errors related to super-user GRMS actions by ensuring the log of actions is reviewed regularly by the Head of HR Services.</p> <p>SSC will work with OHR to increase awareness with supervisors on timecard approvals.</p> <p>SSC will review with OHR the existing provisions and revisit the policy on whether the Organization is allowed to contribute to the United Nations Joint Staff Pension Fund (UNJSPF) for staff member on special Leave Without Pay (LWOP).</p>

	Recommendation	Suggested Timeline	Responsible Unit	Management Response
				<p>Human resources services. Staff members can now submit documents to support the updates or changes to their family status for dependency allowance through a self-service function released to all staff in August 2019. How to guides on how to request rental subsidy and revised form were published in May 2019.</p> <p>Travel services. An update on travel policy by incorporating the guidelines on Post Factum Travels in order to have clear-cut regulations and rules to support the currently existing procedures in the processing of Post Factum Travel Authorization and Travel Expense Claims will be pursued.</p> <p>“How to” guides for Medical Evacuation Travels were prepared and published in March 2019.</p>
11.	Fast track the negotiation and procurement of a structured tool for SSC to ensure that cases/requests for processing are properly managed, accurately tracked and monitored resulting in effective and efficient operations, reporting and compliance to better support FAO. (Paragraph 87)	2019-2020	SSC	UNICC indicated it has a contract in place with a service provider that FAO could utilize and work will proceed for the procurement and implementation of the tool
12	Craft a mechanism to prepare a periodic Report on Compliance with policies and procedures of service requests coming from FAO Offices which should be regularly communicated to them, and publish such report in the SSC dedicated website or dashboard primarily to serve as valuable information that will assist FAO Offices and the SSC in proactively addressing the communicated opportunities in improving compliance of service requests and help in achieving efficient and effective process results. (Paragraph 91)	2019-2020	SSC	Work on the development of a dashboard is planned to start at the end of 2019/early 2020.

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13.	Utilize the Report on Compliance by SSC, to include error rate or non-compliance rate indicators when evaluating the performance of the Responsible Officer/Staff causing the non-compliance to further enhance accountability and effective delivery of their responsibilities. (Paragraph 92)	2019-2020	SSC	See comment above.
14.	Support the SSC Management to prepare a work plan that will include specific activities to implement an International Organization for Standardization (ISO) compliant quality system and have the work and resource plan approved and implemented in 2019 to ensure that SSC is offering its clients with high quality services compliant with an international quality management system standard. (Paragraph 96)	2019-2020	SSC	The SSC has selected a number of processes to be ISO 9001 certified. Since May 2019, the SSC has been preparing a quality management system and related documentation and practices in preparation of the certification audit. The QMS was reviewed in August 2019 and is about 90% ready with the certification audit scheduled for the end of 2019.
Statement of Internal Control (SIC)				
15.	Enhance the existing process and activities supporting the preparation of the SIC by formally documenting the assessment of all internal control principles under FAO Internal Control Framework (ICF), particularly Principles 1, 2, 8, 10, 13, and 17 which are not specifically included in the Internal Control Questionnaire (ICQ). (Paragraph 102)	2019-2020	OSP	Agreed. This will be implemented for the Internal Controls Reporting process for 2019
17.	Further define and provide additional guidance on the basis for Management's conclusion in the Representation Letter to streamline and harmonize the process, and ensure consistency in drawing a conclusion on the real state of internal control within a region/department/office. (Paragraph 113)	2019-2020	OSP	Agreed. This will be implemented for the Internal Controls Reporting process for 2019
18.	Initiate additional proactive measures to further ensure the accuracy of responses to the ICQ in view of the importance of their confirmation therein to support the assurances of the Director-General in the Statement on Internal Control, and to enable informed action to address any weakness in	2019-2020	OSP	Agreed. The importance of carefully considered responses in the ICQ will be further emphasized in briefings and guidance material for the Internal Controls Reporting process for 2019.

Recommendation		Suggested Timeline	Responsible Unit	Management Response
	internal controls within their respective area of responsibility. (Paragraph 119)			The ongoing work to strengthen guidance notes and ICQs will help to further improve the accuracy of responses provided as well as the review/validation process referred to in recommendation 19 below.
19.	Strengthen the execution of the review and validation steps of the responses made in the ICQ, as required in the guidance note on internal controls reporting, to ensure that the real state of internal controls in the offices are reflected. (Paragraph 120)	2019-2020	OSP	Agreed. The importance of careful review and validation of ICQs will be further emphasized in briefings and guidance material for the Internal Controls Reporting process for 2019.
Governance				
Corporate Human Resource (HR) Management				
21.	HR business plans Prepare and update its human resource business plans that are reflected in formal and concrete Strategic and Action Plans covering a given period to establish clear roadmaps and milestones; corroborate monitoring of work deliveries; support reported methodologies, strategies and accomplishments to improve information integrity in its reports. (Paragraph 133)	2019-2020	OHR	FAO will continue to update and report on its HR Strategy and Action Plan, including on reviews and updates, as well as progress on achievements, to the Governing Bodies.
22.	Workforce planning Ensure that the workforce planning exercise takes into consideration the staff feedbacks and the established timeframe for delivery; and supported by a good analysis framework to attain the value intended and promote operational efficiency. (Paragraph 137)	2019-2020	OHR	The Integrated Workforce Management Plan is planned for rollout during 2019.
23.	Staff Mobility Enhance its mobility policy by ensuring that the HR strategic objective and the related action plan are clearly articulated to facilitate effective implementation; by performing timely and regular evaluations through	2019-2020	OHR	OIG is currently undertaking an internal audit of FAO's Geographic Mobility Programme which is expected to guide Management action to strengthen the programme and support effective delivery of the work of the Organization.

Recommendation	Suggested Timeline	Responsible Unit	Management Response
feedback from staff; and by strengthening further its communication with other offices. (Paragraph 144)			
24. Recruitment policies Strengthen its existing recruitment and selection policies, design effective processes and mechanisms and ensure that clear efficiency parameters are included in the development of its recruitment process Key Performance Indicators to accurately measure performance of related activities by process owners and enable better performance monitoring of the whole recruitment and selection process. (Paragraph 147)	2019-2020	OHR	Following the internal audit on Recruitment and Onboarding of Professional Staff by OIG in November 2018, OHR increased efforts to develop KPIs to measure the efficiency, effectiveness and timeliness of the various phases of the recruitment process and monitor them regularly through a dashboard in the new recruitment platform. As of May 2019, a reporting dashboard is available in Taleo, reporting on the various phases of the recruitment process, including field-led actions. This dashboard also allows OHR to perform quarterly monitoring to measure the efficiency, effectiveness and timeliness of the process.
25. Gender parity Continue to pursue efforts towards achieving the gender parity goals inter alia by articulating its target for each category of post with timelines; articulate with clarity, the guidelines and procedures on geographic diversity and to communicate the same to hiring managers to ensure better representation and transparency; and facilitate the timely monitoring of the progress made therein for the efficient achievement of expected results. (Paragraph 150)	2019-2020	OHR	The organization fully recognizes the importance of monitoring its gender parity targets and periodically reports on progress made for each level of post to the Finance Committee and FAO Council.  Based on the Action Plan for the achievement of equitable geographic distribution and gender parity of FAO staff, FAO gender parity at professional level should be achieved by 2022, and for senior positions by 2024.
26. Hiring of consultants Reinforce its policy on the hiring and renewal of consultants/PSA subscribers with the inclusion of clear provisions on the grant of exceptions on the required contract breaks to better establish authority, clarify accountabilities and eliminate discretions. (Paragraph 155)	2019-2020	OHR	The appropriate level of delegation for decisions regarding contract breaks is being reviewed. Once the decision is taken, relevant documents will be revised to reflect the level of delegation along with provisions on the grant of exceptions.
27. Staff performance evaluation Enhance its institutional capacity in preparing and delivering its Performance Evaluation and Management	2019-2020	OHR	Agreed. OHR will provide additional support and capacity building for staff and supervisors to enable well-defined PEMS

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System (PEMS) Objectives and Performance Indicators through robust monitoring and review built around well-defined and coherent performance yardsticks to support more accurate and meaningful assessment of staff performance and the associated programme results reporting. (Paragraph 158)			work plan objectives and performance indicators, linked to results reporting. The use of PEMS library function will be strengthened and closely monitored.
28. Staff guidance and training Ensure that appropriate guidance and training are provided to both staff and supervisors in managing performance feedback and to document the same in the PEMS to better support future performance assessments; review existing rebuttal policies and their experience in other UN agencies and align itself with good practices in the UN system. (Paragraph 159)	2019-2020	OHR	<p>Agreed. OHR will provide additional guidance and training to staff and supervisors (e.g. e-learning, manager's checklist) on giving and receiving feedback, managing underperformance and documenting performance assessments in PEMS.</p> <p>OHR is reviewing existing rebuttal policies and their level of success in the other UN agencies and align itself with good practices in the UN system.</p>
29. Staff learning plans Monitor the delivery of staff learning plans more closely to ensure that these are prepared based on an inclusive analysis of the knowledge and skills needs of staff that are clearly linked to the organizational needs and priorities to optimize the use of staff development resources and efforts. (Paragraph 163)	2019-2020	OHR	<p>Agreed. OHR will monitor and analyse PEMS developmental activities biannually to update corporate learning offerings. The use of Staff Development Fund will be optimized, in line with the organizational requirements.</p>
31. Coordination between OHR and Ethics Office Establish a specific policy on mutual feedbacking between the OHR and the Ethics Office to allow for more efficient engagements and operational enhancements of human resource-related actions; and to include in the OHR action plan for 2017-2019, the conduct of mandatory training on ethics for all staff members and design a training course that includes a session targeting the ethical concerns of	2019-2020	OHR	<p>A Human Resources Officer in OHR has been appointed as dedicated focal point to support the Ethics Office in this exercise. The focal point will monitor/review the cases of non-compliance in order to take appropriate administrative action.</p> <p>Mandatory training on ethics has already been established and implemented on an ongoing basis.</p>

Recommendation		Suggested Timeline	Responsible Unit	Management Response
	staff, done in close coordination with the Ombudsman and Ethics Office. (Paragraph 167)			
32.	Feedback exercise on HR matters Ensure that a formal feedback exercise involving the comprehensive management of the Organization's human resource is conducted on a regular interval basis to strengthen further its human resource relations and the related strategies and to inform further its policy agenda, anchored on skills, knowledge and commitment. (Paragraph 172)	2019-2020	OHR	A global employee survey is planned later in 2019 to provide all employees with an opportunity to give feedback on a range of aspects. It is foreseen to implement the survey every two years.
Control environment in decentralized offices				
Project implementation and monitoring				
33.	Ensure effective and efficient project implementation and delivery through enhanced monitoring and supervisory controls over the project budget and in the achievement of project timelines and objectives, as well as in imposing accountability towards donors and other administrative project requirements. (Paragraph 177)	2019-2020	PS	Since July 2018, monitoring and follow-up on operational projects on the Field Programme Support Network (FPSN) list has been intensified with direct support provided to DOs with difficult cases. Monthly reports are sent to all Regional ADGs and heads of headquarters departments, and weekly reports to SFPOs and focal points in headquarters departments. In the first half of 2019, FAO achieved a decrease in the number of projects requiring budget holder action as a result of these efforts. The Programme Officer leading this work has direct contact with concerned BHs in order to emphasize accountability, as well as provide support to resolve issues on an as needed basis.
Technical Cooperation Programme (TCP)				
34.	Ensure overall efficiency and effectiveness in the delivery of TCP projects by revisiting and further improving its implementation strategy, closely engaging with all project stakeholders to reduce project time lags, and capacitating staff by providing trainings on formulation of the	2019-2020	PS	In February 2019, Management issued revised TCP policies and procedures, containing a simplified project document format. It is expected that the simplifications introduced will substantially reduce the time required to respond to requests for assistance and facilitate efficient implementation. In addition, early approvals against a

Recommendation	Suggested Timeline	Responsible Unit	Management Response
<p>mechanics and preparation of project documents. (Paragraph 181)</p>			<p>biennial allocation will result in early delivery of resources. Further improvements are being pursued in the framework of the on-going Audit of the project cycle, ad hoc initiatives to simplify procedures and through a corporate initiative to replace FPMIS.</p> <p>Management is promoting staff capacity development on the project cycle, including TCP, through training events and the updating of guidelines and e-learning tools.</p>
<b>Donor Reporting</b>			
<p>35. Ensure timely and accurate delivery of relevant donor reports through sustained monitoring efforts and control activities; and take advantage of the usage of the Reports facility of FPMIS to provide the required reports and monitor submission of the progress and terminal reports. (Paragraph 185)</p>	2019-2020	CSF/PS	<p>The Project Cycle includes standard formats for reports, indicating their scope and focus, as well as the supporting quality assurance tools available in FPMIS and the terminal report template includes the Logical Framework Agreement, as well as scorecards on relevance, achievement of results, implementation and sustainability.</p> <p>To improve the monitoring system, PS will be working closely with OSP, Budget Holders and other stakeholders to introduce a new IT platform in FAO (based on lessons learned from the existing FPMIS), so as to be able to (a) incorporate new data to better align with new resource partners' reporting requirements, and (b) apply a computerized follow-up system and more stringent controls to monitor the status of reports and the consequent closure of projects.</p> <p>During 2019 PSR has strengthened its internal guidelines related to the delivery of timely, reliable and relevant donor reporting. The guidelines will contribute to ensuring that all relevant project documents and funding agreements</p>

Recommendation		Suggested Timeline	Responsible Unit	Management Response
				clearly mentions the required responsibilities, deadlines and reporting costs in a standardized language.  Capacity building activities, including webinar training on FAO corporate and donor reporting for all Decentralized Offices and FAO headquarters, were also carried out in early 2019.
Procurement management				
36.	Strengthen monitoring and supervisory controls in procurement processes that drive effective procurement management to ensure timely acquisition of goods, works and services; the preparation of complete and updated procurement plan; and procurement compliance with policies, regulations and rules. (Paragraph 189)	2019-2020	CSDA/OSD	We agree with this recommendation, which is in line with the efforts that the Organization has been and will continue to make. OSD is supporting Regional Offices to identify available training streams for specific country office functions, such as procurement. Furthermore, OSD is working with the SSC to strengthen the Segregation of Duties in country offices along the Procure-to-Pay cycle.
Cash management				
37.	Strengthen compliance with the controls over cash related activities through close monitoring of bank balance as well as Operational Cash Advance (OCA) and Operational Petty Cash (OPC) utilization and replenishments, review of authorized level of OPC fund based on monthly utilization, and continuous monitoring of the same to avoid multiple grants and non-settlement of advances beyond due date. (Paragraph 193)	2019-2020	CSF	The online, risk-based Fraud Prevention Plan for Decentralized Offices, allows the preparation and follow-up of Country Offices of their Fraud Prevention Plans. Petty/Operational Cash is identified as a sub-area of risk, which allows self-assessment of risks and identification of mitigating measures by country offices.
Asset Management				
38.	Ensure that activities, processes and responsibilities relating to asset management are properly observed and undertaken through enhanced controlling and monitoring mechanisms, updating of records, and filling up of necessary forms with relevant information to promote accountability and to adequately safeguard its assets. (Paragraph 197)	2019-2020	SSC	The SSC has put in place a number of controls and taken a number of steps to ensure that responsibilities related to asset management are properly observed, e.g. regular communications on policy and non-policy compliance to heads of offices, periodic reviews of the asset register.

Recommendation		Suggested Timeline	Responsible Unit	Management Response
				OSD is supporting CSF in the development of new Inventory Guidelines and participates in the working group related to identifying new inventory management software.
<b>Human Resource Management in Decentralized Offices</b>				
39.	Reinforce monitoring activities on record keeping and documentation of activities such as records of consultant's selection and notes explaining the choice of National Project Personnel (NPP) to assure efficiency and transparency in managing Human Resource-related activities; and ensure completeness of information in the terms of reference of Non-Staff Human Resources (NSHR) as basis for monitoring and evaluation of work delivery. (Paragraph 201)	2019-2020	OHR/OSD	OSD is supporting Regional Offices to identify existing training streams for specific country office functions, including human resources management. OSD is including in its oversight dashboard, monitoring of compliance with mandatory trainings and capacity development initiatives of country offices.
<b>Travel Management</b>				
40.	Strengthen monitoring controls in the management of travels to ensure adherence with FAO's policies and procedures through compliance with the Quarterly Travel Plan (QTP) requirement, timely settlement of travel prepayments and submission of required post-travel documents such as Travel Expense Claims (TEC) and Back to Office Report (BTOR). (Paragraph 205)	2019-2020	CSF	FAO is further strengthening the development of monitoring tools (e.g. dashboards) to improve managers and business owners' supervisory capacity over critical business processes. In addition, a small Internal Control and Compliance Unit was established in DDO (starting early 2018) to strengthen oversight/monitoring over those process in the operations/administrative areas. OSD is including in its existing oversight dashboard, a new tool that monitors the quantity of national travel to identify all travel trends and take actions as necessary.
<b>Overall assessment of the control environment</b>				
41.	Assess the level of operational risks of its decentralized offices and implement strategic solutions to strengthen their supervisory and monitoring controls over critical processes and decisions to ensure operational efficiency and effectiveness; and better support the certification made by the decentralized office directors of the state of their control environment. (Paragraph 209)	2019-2020	DDO	The corporate approach towards strengthening FAO's risk management and control environment encompasses Decentralized Offices (DOs): 2018 - Preparation of the risk logs for each Regional Office and the headquarters DDG-led streams, whereby most significant operational risks/related mitigating actions were captured at regional level and DDO stream level. Progress

Recommendation	Suggested Timeline	Responsible Unit	Management Response
			<p>in implementing related actions (e.g. procedures/tools/monitoring capacities) is closely monitored.</p> <p>2019 - rollout of the risk logs for Country Offices (ongoing - in parallel with the preparation of the Internal Control Questionnaires [ICQs]) and initiatives such as the Review of the Regional offices, Think Labs with DOs/Business Owners and the rollout of the new risk based Fraud Prevention Plans.</p> <p>These contributed to improvements in the risk management and control environment over critical operational/administrative processes at DO level and internal control environment: strengthened second level of defence/oversight within administrative areas with the establishment (early 2018) of a small Internal Control and Compliance Unit (DDOC); improved corporate procedures/arrangements for a more efficient/effective operational environment (e.g. issue of procurement to be addressed through the revised MS502); improved monitoring capacities/tools, e.g. for travel; a consolidated/single dashboard for all audit recommendations [OIG/EAUD/JIU]; FAOR Key Management Indicators, new learning initiatives (finance, assets, travel, procurement, etc.).</p>