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Organización de las
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منظمة
الأغذية والزراعة
للأمم المتحدة

FINANCE COMMITTEE

Hundred and Eighty-third Session
Rome, 9 - 13 November 2020
Management Response to the recommendations presented in the Report of the External Auditor for 2019

Documents can be consulted at www.fao.org

ND470/e

EXECUTIVE SUMMARY

➢ This document presents the Management Response to the recommendations detailed in the Report of the External Auditor for 2019.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

➢ The Committee is invited to review the document and provide 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 2019; and**
➢ **encouraged the Secretariat in its efforts to close the outstanding recommendations.**

Introduction

1. The table below presents the management comments for the recommendations contained in the Report of the External Auditor for 2019.

Recommendation	Suggested Timeline	Responsible Unit	Management Response
FUNDAMENTAL			
Financial Matters			
Employee Benefits Obligations			
2. Regularly fund ASMC and TPF and maximize LTIs performance to provide annual returns above benchmark to ensure intergenerational equity and sustain expected future benefit payments for both active and inactive participants. *(Paragraph 43)*	2021	CSF/CSH	CSF monitors external managers to ensure those managed actively perform accordingly against their benchmark over 5-10 years. While investment performance cannot be guaranteed, continued deviations against the benchmark or misalignment to inferred risk budgets will be reported to the Investment Committee for review/consideration to ensure close compliance to this recommendation. This process was followed closely in reference to the Organization's equity manager whose contract was terminated in March 2020 due to continued poor performance against their benchmark.
Technical Cooperation Programme			
4. a) Technical Officers and Programme Officers intensify further pro-active engagement with Formulators so that at least 50 percent of projects are approved within the first year of the biennium; (b) FAO Representatives work more diligently with the Government counterparts to address delays; and (c) Programme Support and Technical Cooperation Department (PSD) and Regional Representatives (RR) monitor closely project delivery to ensure that amounts carried forward are fully utilized at the end of 2021 and that the delivery rate of PWB 2020-21 approved budget	2021	PSS	PSS remains fully committed and is exploring all options to support accelerated TCP approvals and delivery. The COVID-19 emergency has somewhat diluted the impact of related efforts, but we remain confident that the set targets are achievable for the current biennium, facilitated by the simplification measures introduced in 2019. High-level virtual management meetings, including DDGs and all regional ADGs, focused specifically on TCP were held in June-July 2020. This included discussions on pipeline and approval status. The approval and expenditure situation is being monitored closely and will lead to further engagement as necessary.

Recommendation	Suggested Timeline	Responsible Unit	Management Response
in the biennium 2020-21 is increased to at least 40 percent. *(Paragraph 58)*			
Shared Service Centre			
5. Conduct an immediate review of the retention and staffing requirements to address the high turnover and existing risk of non-retention of experienced staff by SSC and complete the analysis to support moving forward with the realignment of the FAO-SSC's existing staffing pattern to ensure that its current grading structure is comparable with other UN agencies in Budapest. *(Paragraph 66)*	2021	CSLC/CSH	Discussions have been resumed with the newly appointed Chief SSC. A specific staffing plan which will also address ways to improve the retention situation will be submitted to CSH and DDG-Thomas.
9. Formulate a clear-cut policy on the eligibility of General Services (GS) staff serving outside Headquarters (HQ) in Rome to qualify for the secondary dependants' allowance, thus, ensuring that the benefit is only granted to eligible staff members. *(Paragraph 86)*	2021	CSH	CSH approved, in May 2020, that for GS staff outside of HQ the eligibility for secondary dependents allowance would follow the same conditions as those outlined in MS 318 for Professional staff (ref 318.5.161). This will be reflected in the relevant SOP of the SSC (CSLC). It should be noted that not all local salary scales have a secondary dependents allowance.
10. Establish guidelines that will clarify the allowable provisions in kind including their ceiling amounts, and the documentary evidence that staff members need to provide, in support to the computation of the one-third of the total income of the secondary dependant, to be eligible for secondary dependants' allowance. *(Paragraph 92)*	2021	CSH	Information is presently being gathered on practices by other organizations, including WFP on how they manage the question of "in kind" contributions to a secondary dependent income. The findings will be referred to CSH and LEG for consideration.

Recommendation	Suggested Timeline	Responsible Unit	Management Response
Review of resource mobilization function			
13. Invigorate its Corporate Resource Mobilization Strategy to reflect the Organization's current operating reality to further strengthen the resource mobilization governance arrangements and align related activities across all organizational levels. *(Paragraph 113)*	2021	PSR	Agreed Given that FAO is currently developing a new Strategic Framework (2022-2031) that will guide the Organization's work starting with the next 4-year MTP, it was felt appropriate to wait until the draft Strategic Framework is ready for consideration by the Governing Bodies of FAO before considering a revised resource mobilization (RM) strategy that will be an essential component of its implementation. Consultations have already started between PSR and the SF development team to map common strategies. In the interim, an update of the RM strategy work plan is considered urgent given the COVID-19 crisis and the economic contraction worldwide. The strategic exercise will be a good opportunity to consolidate and focus efforts to ensure FAO RM targets are met. FAO's supply/programme of work will have to be matched with resource partners' interests and expectations, spanning a wide range of partnerships from traditional partners to emerging partners and non-state actors, as well as new ways of doing business. As stated in the FAO Council report, an important number of strategic initiatives have already been introduced by PSR, starting in 2017, leading to the adoption, in 2018, of a business development approach to resource mobilization (FAO Council 160/16, page 3/ paragraph 17).

Recommendation	Suggested Timeline	Responsible Unit	Management Response
			As noted in the full audit report, the RM strategy should also incorporate inputs from FAO's private sector strategy (now also under re-design), the South-South and Triangular Cooperation (SSTC) strategy and the Hand-in-Hand Initiative.
14. Enhance its resource mobilization strategy management system to achieve better synergy and coordination by: a) preparing its RM corporate work plan that includes the key activities to be delivered based on the planned outputs and updated corporate strategies for clearer accountabilities; and b) coordinating more closely with decentralized offices to ensure that resource mobilization strategies and work plans are prepared and delivered by the Offices within the framework of corporate strategies and work plans, for more effective uptake of results information thereby eliminating accountability gaps. *(Paragraph 119)*	2021	PSR	Agreed. a) A new RM Strategy will include an overarching 4-year work plan, reflecting planned inputs, key activities, responsible actors, outputs, outcomes and overarching indicators for success. This will align with FAO's corporate work planning, monitoring and reporting system under the PWB/MTP, in particular Functional Objective 8.3 on outreach and its successor Objectives. Roles and responsibilities will be reviewed organization-wide in line with the RM strategy and a strengthened coordination mechanism/task force and support network put in place to ease information flow, regularly make known key opportunities and provide backstopping support and enhanced capacities where possible, particularly at the country level. b) In full support of the UN reform process, the new RM Strategy will aim to strengthen resource mobilization at decentralized level, and importantly as part of the UNCT and in support of the UNSDCF. The new generation of FAO's CPFs, derived from the new UNSDCF, will include resource mobilization targets, living action plans and strategic

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			recommendations for successful resource mobilization. Clear corporate programme priorities and a means to coordinate and communicate a clear portfolio of programme products should aid all countries offices in their outreach and business development.
			The need for harmonized outreach has been underlined through a recent corporate-wide exercise in response to COVID-19, where PSR is leading a coordinated appeal under the governance of DDG-Bechdol and Chief Economist: FAO's COVID-19 Response and Recovery Programme. Seven (7) key priority areas have been developed in close coordination with the Regions and Country Offices.
			Formalizing a corporate RM Coordination Mechanism/Task Force (including the regions), will help to govern key RM priorities, scan for opportunities and challenges and shape FAO's response, bringing countries, regions and the global level together for concerted action and harmonized resource mobilization.
17.	Craft a corporate resource mobilization monitoring mechanism supported with tools and techniques to ensure that the implementation of its resource mobilization strategies and work plans are systematically informed of the pervading operational reality and enable the Organization to reflect on it more effectively. *(Paragraph 136)*	2021	PSR/PSS	Agreed.

A new data management system will comprise of relevant information on voluntary contributions, including monitoring of resource mobilization performance at the Country, Regional and Headquarter levels. |

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			In addition, the new Resource Mobilization Dashboard, launched by PSR in December 2019, fed by information on voluntary contributions provided by FPMIS, represents a first step in assessing RM performance and forecasting voluntary contributions. In addition, an FAO country support hub/platform is being explored as a means to provide a one-stop shop to country offices/FAORs for support to programming (including UN reform), resource mobilization and partnership building, given the important level of resources mobilized at country level.
19. Reinforce its monitoring mechanism in project delivery and the related corporate information reporting mechanism, through more robust engagements with the concerned Budget Holders to ensure that donor engagements are sustained, and donor reporting is enhanced. *(Paragraph 149)*	2021	PSS	Agreed. Currently, FPMIS sends automatic messages to Budget Holders to remind them of delivery performance and reporting obligations as well as to flag conditions that may incur risks and/or require their attention. However, it is important to keep in mind that monitoring and reporting ultimately relies on country offices/project teams. It would also be useful to more closely involve country offices to what reporting is already required and what support is needed, also to avoid duplication of reporting tasks and putting any additional constraints on these offices. Specific requirements/guidelines on how to draft each section of the terminal report already exist, however, to enhance monitoring and control activities, guidance materials on the scheduling of reporting and requisite deadlines for submitting

Recommendation	Suggested Timeline	Responsible Unit	Management Response
			reports could be improved (e.g. capacity training, reissuance of an updated Field Programme Manual on Reporting [2013]).
Review of evaluation function			
23. Update its Evaluation Policy to ensure that the prevailing Norms and Standards and the current operating realities and initiatives are embraced to strengthen further its evaluation policy support and further clarify its accountabilities. *(Paragraph 175)*	2021	OED	OED will develop a draft policy, including aspects such as strategic management, structural independence, and evaluations in decentralized offices. It will do so in consultation with the Management and submit to the Governing Bodies for its review towards the end of 2021.
24. Closely engage with its governing body and re-assess its Charter provisions on the recruitment, appointment, and termination of the Office of Evaluation (OED) Director position, to ensure that process safeguards are put in place to enhance the independence of the function and preserve the interest of the Organization. *(Paragraph 182)*	2021	OED	Agreed. OED will reflect this recommendation in its proposal for the new evaluation policy in full consultation with the Governing Body and the Management.
25. Engage closely with its governing body and review the existing structural independence of its functions to clearly define its reporting lines and the management's terms of engagements with the evaluation function without prejudice to its independence particularly in the management of its allocated financial and human resources to improve the Division's credibility and value. *(Paragraph 189)*	2021	OED	Agreed. OED will reflect this recommendation in its proposal for the new evaluation policy in full consultation with the Governing Body and Management. Since there is a value in maintaining close linkage to the Management, if the double reporting line is to be maintained, it must be clear what the double reporting line exactly means. While OED fully supports the recommendations to make it structurally independent, it intends to propose a mechanism to ensure the full accountability of OED itself on the use of its own resources, including on the deliveries, the hiring of staff and consultants, and

Recommendation	Suggested Timeline	Responsible Unit	Management Response
			other operational aspects. This could be in the form of a biennial accountability report submitted to the Governing Body and/or the Management.
26. Refresh its evaluation strategy by detailing its priorities for the current biennium and as fed by the evaluation policy and deliveries of the previous strategy to ensure that accountabilities are synchronized, and its works are closely aligned to the current Medium-Term Plan (MTP) and PWB, for better operational synergy and more meaningful assessment of performance. *(Paragraph 195)*	2021	OED	OED generally agrees with recommendations 26 and 27 on strategy management. OED proposes to develop separately a biennial strategic plan with elements described in the Report of the External Auditor. At the same time, it will keep the indicative rolling plan since it is not a biennial planning instrument but a three-year rolling plan with the main purpose of getting feedback from the Programme Committee on the evaluations to be reviewed by the Committee in the longer term.
27. Develop a biennial strategic plan by: a) providing clearer and more detailed information on planned evaluation activities including the specific project/programme evaluations, the financial resources, and their use to perform the function for better transparency and information value; and b) establishing a more effective protocol to monitor its deliveries relating to timeliness and completeness of reports publication including such references as evaluation plans, terms of reference, management responses and other key evaluation products to ensure that remediation actions are undertaken for deviations, as necessary. *(Paragraph 200)*	2021	OED	See management comment to recommendation 26 above.

Recommendation	Suggested Timeline	Responsible Unit	Management Response
Fraud risk management			
30. Craft a best practice fraud risk management policy that will encapsulate all related policies including its Policy Against Fraud and Other Corrupt Practices for a more focused and comprehensive management of its fraud vulnerabilities. *(Paragraph 221)*	2021	DDCI	Internal Control and Compliance Unit (DDCI) will work on the development of a comprehensive Fraud Risk Management policy framework encapsulating all key elements and related policies to allow a more integrated approach to fraud risk vulnerabilities management. This work will be undertaken in collaboration with key stakeholders, including OIG, CSH, LEG, Ethics Office and other relevant units.
31. Facilitate preparation of the Code of Conduct to concretize and consolidate the ethical expectations from its staff. *(Paragraph 225)*	2021	Ethics	The Ethics Office has commenced working on the Code of Conduct. The draft Code of Conduct outline will be shared with stakeholders (OIG, CSH, LEG) for consultation and review.
32. a) Provide for the upcoming update of the fraud risk register and fraud risk assessment - more comprehensive guidance in fraud risk assessment built on its current approach, through the crafting of fraud risk assessment process and tools that guarantee the preparation of corporate fraud risk universe, more effective risk register, and the identification of better fraud risk statements and mitigating actions; and b) Undertake a more formal fraud risk assessment exercise at the corporate level to support a complete risk universe or catalogue and ensure a top-down approach on fraud risk assessment. *(Paragraph 230)*	2021	DDCI	A first update of the guidance note was undertaken in preparation for the launch of the 2020 Fraud Prevention Plans (FPPs). It takes into account lessons learned from the 2019 FPP preparation exercise as well as specific guidance (e.g. EAUD). Further updating of the FPP guidance note and tools will take place when preparing for the next corporate fraud risk assessment (Q4 2020/Q1 2021) and the launch of the 2021 FPP process. In preparation for the launch of 2020 FPP process, DDCI has worked on the update of the corporate fraud risk register in two steps:

Recommendation	Suggested Timeline	Responsible Unit	Management Response
			(i) desk review/analysis (DDCI, business owners): of both the 2019 FPPs and OIG yearly findings to verify whether new risks were identified which need to be included in the register; (ii) consultation with the regional FPP focal points structured by core fraud risk areas
36. Improve the uptake of fraud complaints and allegations by streamlining its various fraud reporting channels and mechanisms to enable the completeness of OIG's records for more efficient fraud response. *(Paragraph 248)*	2021	OIG	All fraud complaints and allegations must be reported to OIG through the official channels established by FAO. OIG will advocate further streamlining and consolidation of reporting channels.
37. Craft and deliver a definitive strategy to support the OIG's growing investigation workload and the resolution of its operational constraints to enhance efficiency in dispensation of fraud and corruption cases. *(Paragraph 253)*	2021	OIG	The new OIG Charter reflects the Director General's responsibility to provide OIG with sufficient resources, provides for the contribution of extra-budgetary funded activities to support OIG's costs and assigns the FAO Oversight Advisory Committee an advisory role on the sufficiency of resources available to OIG. OIG benefitted from a slight budget increase in the 2020-2021 PWB. OIG will continue to monitor closely its resources and highlight any shortage to Management.
Control environment in decentralized offices			
41. Continue to 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	2021	DDCI/CSH	Agreed. In this regard, the guidelines for employment of National PSA (PSA.NAT) and National Project Personnel (NPP) were revised by CSH in January 2020 to strengthen the operational efficiency and effectiveness of the selection process. The guidelines strongly encourage

Recommendation	Suggested Timeline	Responsible Unit	Management Response
made by the decentralized office directors of the state of their control environment. *(Paragraph 299)*			a transparent competitive/ comparative selection and emphasize the importance of providing and retaining written records.
Recalibrate its Anti-Fraud Strategy and Action Plan to focus more on addressing the growing fraud cases which involved collusion participated by FAO staff and to develop a more stringent role of unit managers in identifying and preventing fraud within their respective units/offices, all to ensure that FAO manage reputational risks, among others, as a consequence of the presently increasing fraud incidents. *(Paragraph 309)*	2021	DDCI/CSH	FAO agrees to the recommendation and will continue, within the overall framework of the Anti-fraud Strategy and Action plan, to work on strengthening the preparation and implementation of the risk-based Fraud Prevention Plans, enhancing oversight and monitoring of measures taken to address identified control weaknesses (in design/application), and reinforcing the role of unit managers and staff in preventing and detecting fraud through existing accountability mechanisms, targeted briefings and more systematic communication about identified fraud cases and disciplinary measures taken.
SIGNIFICANT			
Prepayments and expenses			
1. Ensure compliance with accounting of prepayments and expenses under IPSAS by assessing the application of the 90-day rule for temporary prepayments during year-end cut-off procedures, specifically in its compliance with accrual method as required in IPSAS 1. We also recommend the enhancement of the reconciliation process for temporary prepayments, to ensure consistency with the closure instructions on the recording of receipts of all goods and services received on or before the end of financial period *(Paragraph 35)*	2021	CSF	CSF is working to enhance reporting to make this easier to control with specific attention to ensuring settlement within 90 days. CSF will also review any required changes to the year-end closure instructions. We note that most of the outstanding advances for Somalia and S. Sudan which led to this recommendation have since been reconciled and closed.

Recommendation		Suggested Timeline	Responsible Unit	Management Response
Country Programming Framework				
3.	Continue a dynamic engagement with Member Countries, the UN Country Teams and the Resident Coordinators to jointly formulate the UN Sustainable Development Cooperation Frameworks (UNSDCFs) from which the CPFs must be duly derived from to have timely CPFs in place in all countries where FAO provides support. We further recommended that FAO through its training unit prepares/revises and roll-out a CPF training module based on the new CPF guidelines. *(Paragraph 50)*	2021	OSP/CSH	Agreed. OSP and CSH are working closely to design and deliver ad-hoc training modules, capacity development and awareness tools based on the new CPF guidelines.
Shared Service Centre				
6.	Prepare a workplan pursuing full completion in identifying those invoicing transactions (in addition to operational advances, danger pay, and overtime pay) where streamlining or automation can be introduced to move forward with the invoice centralization project and ensure a more efficient and cost-effective processing of invoices. *(Paragraph 72)*	2021	CSLC	Automation of operational advances and overtime is included in the ERP Programme of work and will be concluded in the timeframe of the project. In addition, a Robotic Process Automation solution will be implemented in the invoices area to automate some of the processes, decrease the manual work and ensure a more efficient processing of invoices.
7.	Craft a well-developed document proposal aimed at automating the invoicing process for: (a) operational advances; (b) danger pay; and (c) overtime pay. The document proposal should include, among others, a concrete plan with list of activities and corresponding timelines to ensure the completion of the project. *(Paragraph 73)*	2021	CSLC	Analysis has been performed on the Operational Advances (OAs) raised by offices in 2019 to better understand usage of the OAs and serve as a basis for establishing new procedures and guidelines. A draft design has also been created for a streamlined, proposed new module in GRMS and which could also be considered for the automation of other manual invoices.

Recommendation		Suggested Timeline	Responsible Unit	Management Response
8.	Prepare a work plan on the implementation of vendor database quality management as part of the proposed Data Quality Management, indicating therein, among others, a concrete plan with list of activities and corresponding timelines to properly monitor its implementation and ensure its completion. *(Paragraph 79)*	2021	CSLC	The KPMG review of vendor quality management was completed in March 2020. A clean-up of the vendor database has started and is ongoing and the Data Quality Management (DQM) work plan has been prepared.
11.	Revise the documentary requirements in support for education grant claims to align it with current trends and developments such as electronic-system generated reports in enrolment, invoicing and payments, but should consider necessary controls to prevent submission of fraudulent documents, to allow more convenient and flexible educational arrangements for staff members' children. *(Paragraph 97)*	2021	CSLC	This recommendation is in progress of implementation. A proposal was made to CSH, as policy owner, to evaluate the need to revise the requirements in support for education grant claims by providing the practices from other agencies.
12.	Streamline the procedures in the processing of rental subsidy under the basic scheme by reviewing the necessity of the process wherein the SSC HR Unit recommends to and seeks from DDG-Thomas its approval before a request for rental subsidy is granted. Instead, consider limiting reference to DDG-Thomas only for cases that diverge from the eligibility criteria. *(Paragraph 102)*	2021	CSLC	Delegation of the approval step for the rental subsidy process is under consideration as part of a structured review of delegation of authorities being conducted with the participation of LEG and CSH.
Governance Matters				
Review of resource mobilization function				
15.	Clearly articulate the definition of the resource mobilization target and relevant parameters for more	2021	PSR/OSP	Agreed.

Recommendation	Suggested Timeline	Responsible Unit	Management Response
effective guidance in setting expectations and in defining the expected results. *(Paragraph 125)*			The new Corporate RM Strategy will introduce a technical definition of resource mobilization targets, taking into account FAO's strategic objectives and financial needs at the Country, Regional and Global levels.

Track record, a review of the resource environment and the potentials, and programme priorities are essential to articulating targets. Importantly, these targets are to be closely monitored and adjusted depending on the level of ambition and evolving global, regional and country landscape. Connecting the targets at country, regional and global levels will help communication and coordination on priorities and how there can be corporate-wide support. A good understanding of needs and evolving targets will be key to targeting resource mobilization efforts, particularly in light of the COVID-19 induced recession in many countries. |
| 16. Clarify and harmonize its procedures and system of establishing resource mobilization targets at all levels and strengthen related activities to align to organizational needs and achieve a more effective and stable impetus for resource mobilization coordination, decisions and programme delivery. *(Paragraph 131)* | 2021 | PSR | Agreed.

See management response to item 15. |
| 18. Enhance the Results Framework for Resource Mobilization by developing relevant and quantifiable Key Performance Indicators for each expected output to ensure that achievements are measured against appropriate performance parameters for more | 2021 | PSR | Agreed. The new RM Strategy will update the existing results framework for resource mobilization by providing a new set of Key Performance Indicators (KPIs) and also incorporate these into the |

Recommendation	Suggested Timeline	Responsible Unit	Management Response
meaningful results information and decision base. *(Paragraph 142)*			PWB/MTP work planning, monitoring and reporting systems/FO8.3.
20. Reflect on the current organizational RM roles and responsibilities and their interdependencies, deliver a clearer and better-defined RM structure, and support the same with formal policies and authorities, to ensure that RM dynamics are attuned with corporate principles on accountability and internal control. *(Paragraph 156)*	2021	PSR	Agreed. The new Corporate Resource Mobilization Strategy should present a Resource Mobilization Internal Accountability Framework, clearly stating RM roles and responsibilities at Country, Regional and Headquarter levels. As stated in response to recommendation 14, Roles and responsibilities will be reviewed organization-wide in line with the RM strategy and a strengthened coordination mechanism and support network explored to ease information flow, make known key opportunities and provide backstopping support and enhanced capacities where possible, particularly at country level.
21. Undertake a review of the staffing pattern and needs of the Division in relation to accountability relationships and internal control vulnerabilities to ensure that the related operational risks are managed, and efficiency and effectiveness of work processes are enhanced. *(Paragraph 162)*	2021	PSR	Agreed. Based on the interim RM strategy and any resulting structural adjustments required, a review of staffing roles and responsibilities, and work processes will be considered to fine-tune effectiveness of the Division. This exercise will be built upon as the new corporate RM strategy is designed. PSR relies on limited regular programme funding, which has remained largely constant for a decade, despite a doubling of both workload and resources mobilized. A new RM strategy will need to realistically consider the resources needed for its

Recommendation	Suggested Timeline	Responsible Unit	Management Response
			execution. Given the vital functions PSR performs, it will explore opportunities to advocate for a portion of the corporate cost recovery, increased funds for key tasks at risk, or cost-sharing models with other units and maximize work and relations with supporting functions across the house (for example OCC, PSU, PST, OSP, OER etc.).
22. Engage closely with the Office of the Strategy, Planning and Resource Management (OSP) to ensure that its resource mobilization risk management process is made more formal and well-documented considering the requirements of the prevailing standards, so that risks are optimally identified and assessed for the continued progression of its risk management maturity level and optimize the value intended. *(Paragraph 170)*	2021	PSR/OSP	Agreed.

As part of the design of the new corporate RM strategy, a review of risks and risk management will be central, particularly in COVID-19 times.

Currently, as part of an annual corporate risk identification exercise, PSR has developed a Risk Log that outlines main risks perceived by the Division, mitigation actions, persons responsible for mitigating the risks and the target completion dates. This will be built upon in the design of the new Corporate Resource Mobilization Strategy, PSR will work closely with OSP in developing the risk analysis and risk management. |
| Review of evaluation function | | | |
| 28. Ensure that OED's policy proposal and implementation to enhance its decentralized evaluation function at the Regional and Country levels are supported with an effective operational workplan including realistic timelines, the needed safeguards and institutional support situated in a well-defined implementation context to increase its chance for success and creating the needed change. *(Paragraph 207)* | 2021 | OED | Agreed and in line with the current plan for such evaluations. An action plan will be developed in 2020 in consultation with the Management, particularly with senior managers in the field. |

Recommendation	Suggested Timeline	Responsible Unit	Management Response
29. Enhance the transparency of OED's budget execution through clearer, more specific, concrete and formal policies, processes and structure relating to the allocation, utilization, reporting and overall management of its Regular Programme budget and Evaluation Trust Fund to ensure that the Evaluation Function dynamics are attuned to corporate principles on accountability and internal control, and support budget scrutiny. *(Paragraph 215)*	2021	OED	Agreed. This will be implemented through the biennial strategic plan and the accountability report. More explicit policies will be developed on the use of the programme budget and the trust fund. In this context, OED intends to review how each evaluation activities are resourced – given that FAO field programmes are financed by a mix of the programme budget and voluntary contributions. Another factor to be considered is the increased demand for system-wide coherence and joint activities among UN agencies, and the need for enhanced results accountability at the country level as an input to the overall UN system accountability mechanism.
Fraud risk management			
33. Ensure to: a) provide policy support to annual affirmations of all staff to ensure that staff disclosures are updated and changes to relevant information are provided, for more effective monitoring and clearer accountability; and b) craft a policy and procedure that embed reference checking into the recruitment procedure for all positions regardless of funding source, nature and location to increase the fraud deterrence value of the recruitment process. *(Paragraph 235)*	2021	Ethics	The Ethics Office has engaged with CSH to discuss and agree on a workaround that will allow for the Affirmations and Disclosures to be done annually through the SSC-HR Unit. SSC-HR is engaging with CSI to explore available options for automating the Affirmations and Disclosure Form.
34. Craft a strategy to ensure that staff responsibilities on fraud prevention and detection are discussed during the Performance Evaluation and Management System (PEMS)	2021	CSH/ Ethics	CSH, in coordination with the Ethics Office, will identify and implement strategies to ensure that staff responsibilities on fraud prevention and detection are discussed during the PEMS review and appraisal

Recommendation	Suggested Timeline	Responsible Unit	Management Response
review and appraisal processes to strengthen further the Organization's zero fraud tolerance policy. *(Paragraph 239)*			processes, including through communications and performance management briefings.
35. Craft a policy and procedure on the conduct of exit interview for all separating staff as part of the off-boarding process, to strengthen its fraud prevention and detection mechanisms and, for better organizational learning. *(Paragraph 242)*	2021	CSH	CSH will work with the Ethics Office, LEG, SSC and other relevant offices to craft a policy and procedure on the conduct of exit interview for all separating staff.
38. Ensure that the planned revision of its investigation guidelines consider procedures on witness and subject interview; investigation planning; notification to complainants; structure of investigation reports; referral to authorities; and safeguarding of assets and chain of custody, to provide a more thorough guidance to users. *(Paragraph 257)*	2021	OIG	OIG has already begun the process of reviewing and codifying, in the form of Standard Operating Procedures, its practices related to different phases and aspects of the investigation process. The FAO Investigation Guidelines provide comprehensive guidance to investigation participants, but will be reviewed and updated to reflect changes in the legal framework and developments in the profession.
39. Adopt a set of performance indicators relative to the implementation of its Anti-Fraud Strategy and Action Plan to ensure that the performance of activities under each objective is supported with clear performance expectations for more meaningful measurement of policy performance. *(Paragraph 262)*	2021	DDCI	Building on experience so far, a process for monitoring progress in implementing the Strategy, including the list of performance indicators and related methodology, will be formalized and documented.
Implementation of Enterprise Risk Management			
40. Fortify its ERM implementation business case by ensuring that related planned works and required building blocks are delivered chronologically; and supported with robust change management activities, for better implementation	2021	OSP	Agreed. FAO is aiming to proceed stepwise along the axis of maturity model towards greater ERM maturity rather than use a big bang approach as its overall implementation strategy.

Recommendation	Suggested Timeline	Responsible Unit	Management Response
manoeuvrability and to increase its chance for success. *(Paragraph 271)*			