OFFICE OF THE INSPECTOR GENERAL

Audit of Selected Staff Entitlements
(AUD0222)

EXECUTIVE SUMMARY

The Office of the Inspector General (OIG) conducted an audit of the management of selected staff entitlements between September and November 2021. The scope of the audit was limited to the management of education grant, dependency benefits, entitlement travel, and settling-in grant.

During the period from January 2018 to July 2021, FAO’s staff entitlement expenditures were approximately USD 154 million. The four entitlement categories selected for review under the scope of this audit amounted to 80 percent of the expenditures. Staff entitlement processes are managed by the Shared Services Centre (CSLC) with the support, as necessary, of the Human Resources Division (CSH) as the policy owner.

The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over the management of the selected staff entitlements.

Main observations and conclusions

OIG is of the opinion that the governance arrangements, procedures established and controls applied for the management of the Staff entitlements covered by this audit provide reasonable assurance that entitlements are processed efficiently and effectively. OIG commends CSLC for the automation of many key controls.

Notwithstanding the above, OIG believes that there is room for further improving anti-fraud controls, in particular for education grant and entitlement travel, which are prone to inherently high fraud risks. Specifically, OIG noted that spot checks of original documentation submitted by staff members to support their education grant claims (attendance and payment) and independent confirmation from educational institutions were not regularly conducted. These actions should be considered for implementation as a matter of priority.

There are also opportunities for enhancing performance monitoring. For example, OIG observed the absence of a Service Level Agreement (SLA) for the processing of settling-in grants. Having an SLA would allow to measure and monitor more precisely the actual time for the process and speed up the payment to the staff member as a result of an appointment or reassignment to another duty station.

In summary, OIG concluded that the processes under review need some improvement to further mitigate risks and enhance performance monitoring.

Agreed actions

This report contains five actions that CSLC management has agreed to undertake and committed to fully implement by December 2022.

Mika Tapio
Inspector General 01 March 2022
ANNEX: DEFINITION OF AUDIT TERMS

AUDIT RATINGS

<table>
<thead>
<tr>
<th>Rating System</th>
<th>An audit rating system (defined below) has been used to rank the adequacy of internal controls(^1) in each area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>The assessed controls, governance arrangements, and management of opportunities and risks, are adequate and effective to provide reasonable assurance that objectives are met.</td>
</tr>
<tr>
<td>Some Improvement Needed</td>
<td>A few specific weaknesses in the assessed controls, governance arrangements, and management of opportunities and risks were noted; generally however, they are adequate and effective to provide reasonable assurance that objectives are met.</td>
</tr>
<tr>
<td>Major Improvement Needed</td>
<td>Numerous specific weaknesses in the assessed controls, governance arrangements, and management of opportunities and risks were noted; they are unlikely to provide reasonable assurance that objectives are met.</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>The assessed controls, governance arrangements, and management of opportunities and risks, are not adequate or effective to provide reasonable assurance that objectives are met.</td>
</tr>
</tbody>
</table>

\(^1\) FAO's accountability policy, in an extension of the COSO internal control objectives, establishes five critical areas of performance relevant for assessing the adequacy of controls – effectiveness, economy and efficiency, compliance, reporting and protection.