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## Annual Accountability Report of the Internal Oversight Office

1. The year 2020 was a challenging year for the organization. Due to the COVID-19 crisis, the Secretariat had to go into a lock-down as mandated by the host government at a short notice in March-2020. Remote working procedures needed to be put in place swiftly to ensure safety of the staff members. Policies for work from home were put in place at a short notice.
2. Planned in person meetings, including those of constituent bodies, were cancelled for the rest of the year and remote meeting procedures and solutions – fit for purpose for WMO, considering rules and procedures, interpretation, connectivity, multiple time zones had to be evolved.
3. Delays in receipt of assessed contribution resulted in cash flow situation becoming precarious, which was in part offset by slowing down of expenditure on travel and meetings.
4. The reorganization of the Secretariat following the revamp of the constituent body structure was ongoing, and significant actions of recruitments and separation had to be completed within a tight timeframe.
5. The appeal mechanism and first internal independent review process components of the internal justice system – changes necessitated by change of tribunal from ILOAT to UNAT – had to be formulated. Necessary changes to the staff regulations were approved by the President acting on behalf of EC.
6. **Plan of work 2020:** The original plan of work for 2020 contained six (6) engagements. Changes were made to the plan in response to the evolution of risk profiles and demands on IOO services as follow:
  - (a) Demand for the consulting services from the Internal Oversight Office increased with (i) independent review of staff appeals being entrusted to IOO; (ii) request to provide a grant audit certificate to IPCC; (iii) ad-hoc advice on payroll outsourcing and new ERP system.
  - (b) An internal audit of fellowship activities was requested and included in the programme.
  - (c) IOO postponed the external Quality Assurance Review which was scheduled for second half of 2020 to 2021. The changes were reviewed by the AC-33 and approved by the SG.
7. **Reports Issued in 2020.** IOO Issued sixteen (16) reports during the year.
  - (a) Eleven (11) reports were issued concerning the review of appeals filed by the staff members against the administrative decisions.

- (b) One (1) report was issued on financial audit of a grant received by IPCC from European Commission as per their request.
- (c) Six (6) assurance audit reports were issued after completion of the engagements.
8. All five planned engagements and the two additional requested assurance activities were completed, and final reports were issued (two in 2021). Thus, the plan of work for 2020 was satisfactorily completed. The following table summarizes the implementation of the plan of work for 2020:

<i>Engagement Code</i>	<i>Subject</i>	<i>Status</i>	<i>Report</i>	<i>Rating</i>
2020-IAS-01	Human Resources (SSA Contracts)	Issued	2020-17	Some Improvement Needed
2020-IAS-02	Country Profile Database	Issued	2020-02	Major Improvement Needed
2020-IAS-03	Trust Fund Management	Issued	2020-16	Some Improvement Needed
2020-IAS-04	CREWS Project	Issued	2020-12	Some Improvement Needed
2020-IAS-05	Field Offices	Issued in 2021	2021-02	Some Improvement Needed
2020-QAR-03	Quality Assurance Review	Postponed		NA
2020-CONS-01	Review of Staff Appeals	Issued	2020-03 to 2020-10 2020-13 to 2020-14 and 2020-15	NA
2020-IAS-06	IPCC Grant Audit	Issued	2020-11	Satisfactory
2020-IAS-07	Fellowships Activities	Issued in 2021	2021-01	Some Improvement Needed

9. **Other activities.**

- (a) IOO continued to provide support to JIU in conducting its reviews and coordinated responses on their reports to the Joint Inspection Unit (JIU) and Chief Executives' Board (CEB). JIU recommendations were followed up and reports submitted to the Audit Committee and the Executive Council.
- (b) JIU has performed a Management and Administration Review of WMO which is being submitted separately.
- (c) D/IOO also handled the administration of financial disclosure scheme in WMO as assigned.

## Internal Oversight Office’s Opinion on Internal Controls – 2020

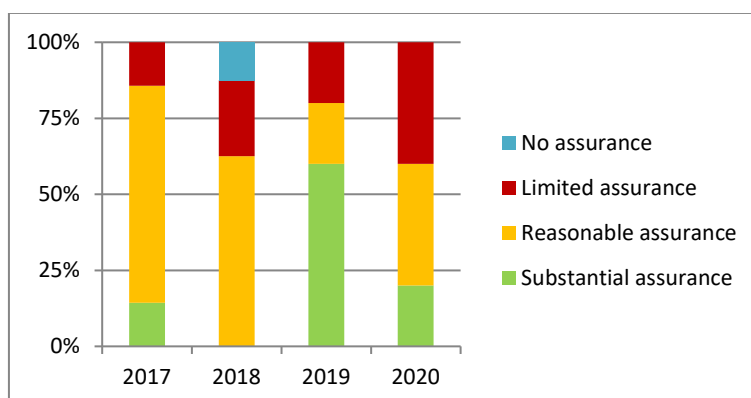
1. Management is responsible for ensuring a sound system of internal control that supports the achievement of the Organization’s objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.
2. Internal Oversight Office is responsible for providing an independent and objective assurance on the system of internal controls.
3. The purpose of the annual opinion is to contribute to the assurances available to the Secretary-General to underpin the statement of internal control. The opinion expressed does not imply that IOO has reviewed all risks and assurances relating to the organization.
4. This opinion presents an overall assessment of the systems of governance, risk management, and internal control, in WMO including a comparison with the prior year where applicable. It is based upon:
  - The results of internal oversight engagements completed during the year and ongoing, including assessment of the framework and processes for the management of risk.
  - The results of external oversight exercises undertaken by the external auditor, Joint Inspection Unit etc.
  - Prior audit results and corrective actions taken and reported by management.
5. The internal audit work in 2020 was conducted in conformity with the International Professional Practices Framework for Internal Audit of the IIA. There was no impairment to independence or objectivity in conduct of internal oversight activities during the year.

### Opinion

*On the basis of findings in the engagements from IOO’s programme of work for 2020, and review of risks and assurances from other assurance providers, IOO can provide reasonable assurance on system of internal controls operating during 2020. The key issues that merit further attention are given in the succeeding paragraphs.*

### Assurance Engagements

6. IOO uses a four-tier rating scale for the internal audit reports to classify them according to the observed risk levels in the processes reviewed, since 2016. Following chart depicts a trend of ratings given to IA reports.



## Issues from Assurance Engagements

- The controls in procurement process have improved with the introduction of contract monitoring tools and systematic use of a single repository of contracting documents. The sample showed compliance with the rules and policies and controls. However, in 25 percent of the audit sample, approval for single source selections was sought and granted.
- The CREWS Secretariat could add more value by reviewing the project proposals and develop a monitoring and risk management framework for the CREWS Initiative. In the projects being executed by WMO log-frames to measure progress and demonstrate achievement of objectives were missing. This has been a recurrent observation in IOO's audit of projects and requires management attention.
- In developing the Country Profile Database Project (CPDB), technology took prominence over functionalities, and as a result the tools developed often did not meet the need of the users. The scope creep shifted the focus of the project from the needs of the Members. At the time of audit, 74 percent of the functionalities were not rolled out to the users - raising doubts about their ultimate adoption and consequent benefits realization.
- Sustainability of the CPDB project needs attention as operational costs estimated at CHF 3.0 million for the financial period were not identified in the Budget.
- The Trust Fund closure process needs strengthening and quality of information on trust funds in the Oracle system needs improvement. Closure of eleven (11) dormant funds in beginning of 2020 appeared to have been done without proper investigation of the balances and consultation with the donors.
- WMO could assume the risk of foreign exchange fluctuation inadvertently for TF activities, in absence of a clear policy.
- Investment in the ePM (a Microsoft Project tool) which was developed by WMO to manage class 3 funded projects seems unfruitful as the tool is not consistently used by project managers.
- Controls in selection of consultants and compliance with the contract duration limits needs to be improved.

## Issues from Advisory Engagements

- In March-2020, following an amendment of WMO's staff regulations and rules, IOO was given the responsibility to independently review requests by staff members to review adverse administrative decisions – a required step in the internal justice system process.
- In reviewing the appeals IOO found that impugned actions did not infringe the rules and regulations and appeared to be lawful when seen through the prism of jurisprudence.
- Documentation supporting the restructuring and assessment of needs could be improved. In one case, the decision to abolish a post was not documented.

## Other Issues

- The COVID-19 crisis which caught WMO and the rest of the world off guard is continuing. It is having long reaching impacts on how the Secretariat liaises with the Members, conduct meeting etc. Continuing attention of the management is required to monitor emerging risks and issues.
- Cyber threats became a reality from theory with a slew of attacks since November 2020. Close monitoring and attention are required for risk assessment and mitigation in this area.

## Investigations/Fact Finding

7. During 2020, IOO received eight (8) complaint/requests for fact-finding. After preliminary review two (2) case were closed. One (1) case of allegation of harassment was informally resolved. Summary of remaining five (5) cases is as follows:
8. One complaint was regarding inconsistency in the WMO regulatory framework regarding internal justice system upon joining UNDT. A report highlighting the risks was submitted to the SG. Amendment was made to the Staff Regulations and Rules removing the inconsistency.
9. One complaint was regarding absences of a staff member without entering their leave in the leave management system. Fact-finding was carried out and report was submitted in February 2021.
10. **Fraud attempts (3) cases.** In the last quarter of 2020, there was a spate of incidents in which attempts were made to defraud the organization of funds.
  - (a) In one case (1) the fraudster sent a payment order by FAX to UBS with forged signature of SG for payment into an account in Portugal. Investigation revealed that the account apparently belonged to a defunct travel agency.
  - (b) In another two (2) cases, which were later found to be connected, the fraudster gained access to the business email of the Treasurer and tried to divert incoming payments from a donor and a Member State, and also intercept and diver a interbank transfer between two WMO bank accounts. The attempts failed owing to the controls in our counterparties.
11. The investigation highlighted vulnerabilities that exist in the control environment of the banking procedures and the Information Technology Systems.

## RESULTS OF ENGAGEMENTS

### Standards of Practice

1. Assurance engagements (Internal Audit, Performance Audit and Inspections) are conducted in conformance with the International Professional Practices Framework of the IIA. Investigations are taken as per the "Uniform Guidelines for International Investigators." Evaluations are conducted as per the UNEG Norms and Standards.
2. The internal audits were rated in accordance with IOO's rating criteria which took into account the significance of results, including reportable deficiencies. The following ratings have been in effect during 2020:

Effective/ Satisfactory	<p>The assessed "governance arrangements, risk management practices and controls" were adequately " established and functioning well/ designed and operating effectively" to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>Issue(s) identified by the audit, if any, do not affect the achievement of the objectives of the audited entity/area.</p>
Some Improvement Needed	<p>The assessed "governance arrangements, risk management practices and controls" were adequately" established and functioning well / designed and operating effectively" but need some improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>Issue(s) identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.</p> <p>Management action is recommended to ensure that identified risks are adequately mitigated.</p>
Major Improvement Needed	<p>The assessed "governance arrangements, risk management practices and controls" were generally" established and functioning / designed and operating " but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.</p> <p>Prompt management action is required to ensure that identified risks are adequately mitigated.</p>
Ineffective/ Unsatisfactory	<p>The assessed "governance arrangements, risk management practices and controls" were "not adequately established and not functioning well / not adequately designed and not operating effectively" to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.</p> <p>Urgent management action is required to ensure that the identified risks are adequately mitigated.</p>

## Summary Scope and Findings

### Report 2020-01 – Procurement Activities- “Satisfactory”

1. Procurement of goods and services is the responsibility of the Procurement and Contract Management Division (PCD). Low value procurements (below CHF 4,000) can be undertaken directly by the departments. The audit reviewed 209 Low Value Procurements and a sample of 28 cases (each over CHF 20 000) totalling to CHF 9.1 million.
2. There was improvement in contract monitoring since the creation of the Agreement Tracking Report (ATR) and the Low Procurement Value (LVP) Oracle reports. An additional control has been implemented by enabling an automatic notification to contract managers when a certain level of contract amount has been spent.
  - (a) About 83% of business users surveyed stated that overall, they were satisfied with the procurement services at WMO.
  - (b) Key Performance Indicators have been developed but they are not actually maintained or used.
  - (c) Particular attention should be given to exceptions submitted for PCC approval to ensure transparency and ensure value-added of the procurement process.
  - (d) Requisitions are not always linked to the corresponding contracts, resulting in the ATR showing inaccurate information.
  - (e) Supplier Performance Reports are not prepared systematically.

*Overall the audit concluded that the designed controls in the procurement process had improved particularly due to the introduction of contract management monitoring tools and the use of ELIOS as the single repository of contracting documents. The sample of procurement actions reviewed showed compliance with the rules and policies and controls in general. Exceptions to competitive selection were approved by proper authorities.*

### Report 2020-02 - Country Profile Database/Community Extranet - “Major Improvement Needed”

1. Till 2017 the Country Profile Database was mostly developed in-house and successive versions up to 2.5 were released. The scope of the project was significantly expanded and sought to integrate all existing databases/applications and interactions of the Secretariat with the Members. Following a requirement gathering exercise, the project comprising ten work packages was undertaken to deliver the functionalities to fulfil the requirements.
2. Eighty-three percent of the envisaged functionalities had been completed and delivered by the contractor. However, seventy-four percent of the functionalities were yet to be rolled out to the users. The functionalities of some modules did not meet the requirements of the business users.
3. Overall annual operational costs of the solution are in the range of CHF 0.78 million including planned new staff posts. Most of this cost had not been budgeted for. Lack of in-house skill for the technology used has added to the recurring costs.

*Overall, audit concluded that a technology solution fitting the requirements has been created through this project. However, at present, there is uncertainty regarding the extent to which the business will adopt these solutions, and whether, for a significant number of them, benefits*

*will be realized. The scope creep diluted the focus of the project and somewhat moved it away from the needs expressed by Members.*

*While the project has been formally closed, management attention is required to ensure that the pending features/functionalities are rolled out and adopted by the users to ensure that the investment in the project results is not infructuous. Sustainability of the project will require attention as operational costs estimated at CHF 3.0 million for the financial period were not identified in the Budget.*

### **Report 2020-15 - Independent Review of appeals by the staff members – “NA”**

1. In March-2020, following an amendment of WMO's staff regulations and rules, IOO was given the responsibility to independently review requests by staff members regarding adverse administrative decisions – a required step in the internal justice system process.
2. Up to August 2020, IOO received 12 requests for independent review, from the staff members whose contracts were terminated/not renewed because of the restructuring. 10 individual reports<sup>1</sup> containing the results of review were issued to the SG.
3. Overall IOO found that impugned actions did not infringe the rules and regulations and appeared to be lawful when seen through the prism of jurisprudence.
4. The reorganization exercise and termination of contracts followed WMO regulatory framework which provide SG with the authority to terminate contracts in case of abolition of the post or reduction of staff. The jurisprudence of Administrative Tribunals also confirms the validity of SG's authority in this respect.
5. The communication to the affected staff members was adjudicated transparent and timely by the UNDT. Staff members were also afforded opportunity of discussion and submission. This conclusion drew from the UNDT decision in one case where the staff member had requested for suspension of action, containing the same facts.
6. Reasonable efforts are required to be made to avoid termination of contracts, especially permanent contracts. The organization provided opportunity to the affected staff members to compete for the vacancies and assessed their suitability for the new structure through the recruitment process.
7. In the review the following opportunities for improvement were noted:
  - (a) In one case, SG's approval for abolishing the post of the affected staff member was not documented properly, before its implementation. Inadequacy in documentation can increase the legal risk in case of challenge. C/HR is of the view that the important issue is who took the decision and whether that person has the authority to do so, and how the decision is documented is secondary and should not have legal implications.
  - (b) Staff rules regarding grant of termination indemnity need to be updated to be in line with UN regulatory framework and WMO practice. An amendment to the staff rules was issued on 21st September 2020.

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<sup>1</sup> One request was withdrawn, and two requests submitted by the same staff members were clubbed together



**Report 2020-11- Internal Audit - European Commission Grant Number 651230 - IPCC - H2020 to Intergovernmental Panel on Climate Change – “Satisfactory”**

1. As agreed in the terms of reference dated 08 July 2020 with the Intergovernmental Panel on Climate Change (IPCC), third party linked to the Beneficiary the World Meteorological Organization, Internal Oversight Office carried out the agreed procedures regarding the costs declared in the Financial Statement(s) of the IPCC concerning the grant agreement 651230, "Support for the Intergovernmental Panel on Climate Change (IPCC) to facilitate the preparation of its next Assessment Report – IPCC, with a total cost declared of 577,831 EUR, and a total of actual costs and 'direct personnel costs declared as unit costs calculated in accordance with the IPCC's usual cost accounting practices' declared of 577,831 EUR.
2. IOO provided an Independent Report of Factual Findings using the compulsory report format agreed with IPCC.
3. The procedures were carried out solely to assist the Commission in evaluating whether the IPCC's costs in the accompanying Financial Statement(s) were declared in accordance with the Agreement. No reportable exceptions were found.

**Report 2020-12 Internal Audit – CREWS Projects – “Some improvement Needed”**

1. The CREWS Initiative was launched in 2015. Presently there are seven (7) donors contributing to CREWS. The World Bank acts as the Trustee and the Secretariat is housed in, and managed by, WMO. WMO is also one of the three Implementing Partners, with the World Bank and the UNDRR.
2. The objectives of the audit were (a) to assess the extent to which the CREWS Secretariat has fulfilled its roles and responsibilities and (b) to review the implementation of projects by WMO as the lead implementing partner for effectiveness of controls.

*Overall, audit concluded that while the CREWS Secretariat carries out its roles and responsibilities per its terms of reference, it could play a bigger role in improving the quality of the project proposals and progress reports, by updating the templates and ensuring quality-control as well as considering that a risk management framework is developed for the whole CREWS Initiative. WMO has put in place adequate resources to implement the projects. However, the essential tool of project logical framework was missing for the projects audited, and as a result the progress in achievement of objectives cannot be measured effectively.*

**Report 2020-16 Internal Audit – TRUST Fund Management – “Some Improvement Needed”**

1. IOO audited the Management of Trust Funds in WMO as per its approved plan of work for 2020. The objectives of the audit were to assess: (a) the adequacy of the regulatory framework; (b) the adequacy of controls on the establishment, management and closure of trust funds; and (c) the quality of information in WMO's financial systems. The period covered was from 1 January 2017 to 31 July 2020.
2. Review of the funds for timely closure was not done systematically. Last such review done in January 2020, resulted in identification and closure of 11 dormant funds. Based on C/FIN's proposal balance of CHF 252,634 from these trust funds was transferred to miscellaneous income. The report noted that this was done without prior consultation with the concerned donors.

3. Operating currency of WMO is Swiss francs, whereas trust fund contributions are mostly in other currencies, resulting in foreign exchange fluctuation risk for TF activities. In the last three years approximately CHF 0.45 million was realized exchange rate losses. A policy for mitigating the exchange rate risk is needed.
4. Financial Rules and Regulations require the Secretariat to periodically report to the Executive Council (EC) the nature and purpose of the trust funds established in the Secretariat for the governance to carry out its oversight responsibilities over acceptance and usage of extra budgetary funding. This has not been done so far.
5. An electronic tool, the ePM (a Microsoft Project tool) was developed by WMO to manage class 3 trust funds. The project was implemented at a onetime cost of CHF 115,540 and recurring license costs are about CHF 60,000 per year for a three-year contract (2020-23). There is no maintenance contract in place and system seems to have fallen into disuse. Audit concludes that the investment has been unfruitful.

### **Report 2020-17 – Human Resources (SSA Contracts)**

1. IOO conducted an audit of “Special Services Agreements” to evaluate whether management oversight over engagement of individual contractors was adequate to ensure that organizational guidelines were being complied with and whether the laid down procedures were adequate to ensure integrity of the hiring process.
2. There was an improvement in the gender parity in the SSA contractors: 58% male and 42% female (81% male and 19% female in IOO 2017 audit). Improved compliance with rules and policies were noted in certification of work done and evaluation of the contractor.
3. In 30% of the cases reviewed, there was no evidence that three CVs were considered, and demonstration of objective and transparent evaluation was available in very few cases. The authorized maximum contract duration was exceeded in 30% of the contracts reviewed; which were approved on an “exceptional basis”. There is still a gap in term of hiring consultants from under-represented regions, RA II remaining the least represented.

### **Report 2021-01 – Fellowships**

1. The objective of the audit was to review the effectiveness of fellowships programme in meeting the capacity development goals of the organization (LTG 4 - Bridge the capacity gap).
2. The support for fellowships has been declining over the period – from CHF 1.1 million in 2017 to CHF 674,000 in 2019. ETR has entered into agreements with institutes/countries – who provide indirect support through tuition fee waiver and/or subsidy in living expenses.
3. Long-term fellowships can be awarded to even those candidates who are not employees of the NMHS, because the idea of WMO fellowships is to build and develop expertise on weather, water and climate related areas in Member countries. As these fellows are not guaranteed employment with NMHS post-fellowships, the skills/expertise gained may not be utilized in building meteorological capacity in the NMHS.
4. Nominations are received through PR in pdf documents and then entered in the system for further review in the Secretariat. Obtaining applications directly from fellows through a system like e-recruit can widen the candidate pool and make the process efficient. The approval process for fellowships in the Secretariat is lengthy and tedious considering the amount of financing involved.

## **Investigations/Fact Finding**

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**The investigation highlighted vulnerabilities that exist in the control environment of the banking procedures and the Information Technology Systems.**

## Follow up of Recommendations

1. The internal audit activity must establish a follow-up process<sup>2</sup> to monitor recommendations issued and ensure that management actions on them have been effectively implemented. IOO conducts a biennial follow up of its recommendations and submits the results to the Audit Committee.
2. There are 89 recommendations<sup>3</sup> in the follow-up database (as of April 2021). Based on the outcome of the follow up 62 (70 %) were implemented. Details are given in the table below:

	Implemented		Open		Total
	#	%	#	%	
<b>2017</b>	<b>21</b>	<b>95%</b>	<b>1</b>	<b>5%</b>	<b>22</b>
2017-IAS-1 Haiti Project	5	100%		0%	5
2017-IAS-2 Personnel Management	5	100%		0%	5
2017-IAS-3 Short-term Assignments	5	100%		0%	5
2017-IAS-4 Payroll	3	100%		0%	3
2017-IAS-5-Performance Audit of Budgeting Process	3	75%	1	25%	4
<b>2018</b>	<b>24</b>	<b>89%</b>	<b>3</b>	<b>11%</b>	<b>27</b>
2017-IAS-7 Audit of Information Technology Governance	6	100%		0%	6
2017-IAS-8 Project Coordination	3	100%		0%	3
2018-IAS-01 Travel Process	4	100%		0%	4
2018-IAS-02 - Post Implementation Review of Document Management System	2	67%	1	33%	3
2018-IAS-03 - Special Account for Building extraordinary Works	3	100%		0%	3
2018-IAS-04 - Letter of Agreements	2	100%		0%	2
2018-IAS-06 Field Offices in Africa	4	67%	2	33%	6
<b>2019</b>	<b>8</b>	<b>42%</b>	<b>11</b>	<b>58%</b>	<b>19</b>
2019-EPAS-01-Gender Activities	2	67%	1	33%	3
2019-IAS-01 Accounts Payable	1	14%	6	86%	7
2019-IAS-02 USAID Projects (FFSG, Afghanistan Hydromet)	1	50%	1	50%	2
2019-IAS-05-PIR of Oracle Enhancements	1	50%	1	50%	2
2019-IAS-06-Regional Office in Americas	3	60%	2	40%	5
<b>2020</b>	<b>9</b>	<b>43%</b>	<b>12</b>	<b>57%</b>	<b>21</b>

### <sup>2</sup> 2500 - Monitoring Progress

The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.

**2500.A1-** The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

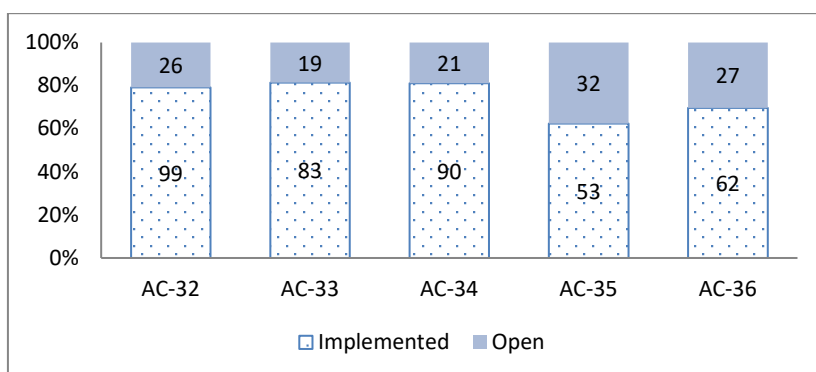
<sup>3</sup> For the purpose of statistics in this report, and based on an agreed-upon practice, 39 recommendations older than 4 years have been purged (from 2016) for the purpose of the statistics. All the purged recommendations were implemented.

2019-IAS-03 - Internal Audit - Procurement Process	3	75%	1	25%	4
2020-Administrative Reviews	1	100%		0%	1
2020-IAS-01-SSA		0%	2	100%	2
2020-IAS-02 CPDB/Extranet	3	100%		0%	3
2020-IAS-03 Trust Fund Management	1	20%	4	80%	5
2020-IAS-04 CREWS Project	1	17%	5	83%	6
<b>Total</b>	<b>62</b>	<b>70%</b>	<b>27</b>	<b>30%</b>	<b>89</b>

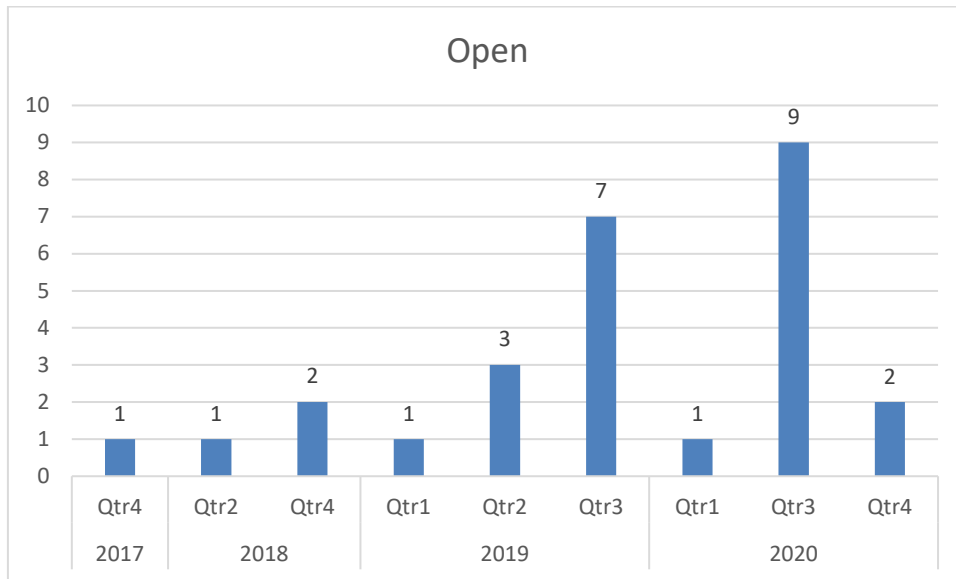
3. The recommendations in the IOO reports are classified as “High”, “Medium” or “Low”. Following table gives the details of implementation by year and priority.

	Implemented	Open	Total
<b>2017</b>	<b>21</b>	<b>1</b>	<b>22</b>
High	7	1	8
Medium	14		14
<b>2018</b>	<b>24</b>	<b>3</b>	<b>27</b>
High	11	1	12
Medium	13	2	15
<b>2019</b>	<b>8</b>	<b>11</b>	<b>19</b>
High	3	2	5
Medium	5	9	14
<b>2020</b>	<b>9</b>	<b>12</b>	<b>21</b>
High	4	5	9
Medium	5	7	12
<b>Total</b>	<b>62</b>	<b>27</b>	<b>89</b>

4. The following chart shows the trend of implementation as reported to the previous sessions of the Audit Committee.



5. As of April-2021 there are 27 recommendations which are open. The age analysis of these recommendations is given in the chart below:



6. Sixteen (16) recommendations which are open for more than 12 months are given in the [annex](#).

## OTHER IOO ACTIVITIES

### Joint Inspection Unit

1. IOO is the focal point for the Joint Inspection Unit in WMO. IOO has continued to provide support to the JIU in conduct of its reviews – by coordinating responses to questionnaires/surveys, draft reports and follow up of recommendations. The report to EC-73 on JIU activities and management response to the recommendations is submitted as a separate document.
2. JIU is conducting a “Management and Administration review” of WMO. The terms of reference have been finalized. Presently, the report is targeted to be in time for consideration by AC-36 and EC-73.

### Financial Disclosure

D/IOO is responsible for receiving the financial declaration of staff members of WMO except the Executive Management. The review of financial disclosures received did not disclose any case of potential conflict of interest.

## Quality Assurance and Improvement<sup>4</sup>

### Internal Assessments

1. *Standard 1311- The internal assessments must include: Ongoing monitoring of the performance of the internal audit activity; and periodic reviews performed through self-assessment.*
2. IOO has institute a process by which an internal assessment is carried out by the Senior Internal Auditor, reviewed by D/IOO and submitted to the management/Audit Committee through the progress report. The assessment focuses on the areas of partial conformity to the standards noted by the previous external QAR.
3. IOO monitors the performance of engagement on an ongoing basis through automated tools in the Audit Management System, including monitoring of engagement resources and schedules, acceptance and implementation of recommendations and formal/informal client satisfaction surveys. In addition, IOO benchmarks its internal audit activity with similar organizations through GAIN<sup>5</sup> (a part of Audit Intelligence Suite since 2017) benchmarking survey every year.

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<sup>4</sup> Standard 1300 – The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity

*Interpretation - A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The quality assurance programme must include both internal and external assessments.*

<sup>5</sup> The Global Audit Information Network® (GAIN) Benchmarking Tool allows benchmarking of internal audit activity by comparing the audit department's size, experience, and other metrics against the averages of similar organizations in peer groups.

## **External Assessments**

1. *Standard 1312- External assessments must be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization.*
2. The 2nd external QAR of IOO was completed in March-2015. The assessment gave IOO a “Generally Conforms” rating. The next external QAR is scheduled for 2020 was postponed in view of the COVID pandemic, and is now planned to be taken in this year. RFP for engagement of external contractor will be issued in second half of 2021.

## **Training and Outreach**

Subject to the availability of budget, IOO endeavours to provide training for continuing professional education and up-gradation. The following trainings have been provided in 2020:

- (a) RIAS, Virtual Training Sessions – Director, IOO; Senior Auditor
- (b) Personal and Professional Development by UNOG - Senior Auditor and Oversight Assistant
- (c) Preventing Fraud and Corruption by IFRC - Senior Auditor
- (d) Investigating by Computer by ACFE - Senior Auditor
- (e) COSO ERM training – Director IOO

## **Coordination with the External Auditors**

Continued cooperation has been maintained with the Swiss Federal Audit Office (SFAO) – the external auditor of WMO. IOO also met the new external auditors from Cort de Conti of Italy and extended them all the cooperation. IOO continues to routinely share the assurance reports with the external auditor.



### Internal Oversight Resources

1. As of the date of this report IOO has two professional staff (D/IOO and Senior Internal Auditor) and one general service staff (Internal Oversight Assistant). Details of IOO Staff are given in the table below:

Title	Name	Grade Level	Qualifications	Nationality
D/IOO	Mr. A. Ojha	D-1	CIA/CISA/CFE /CRMA	India
Sr. Internal Auditor	Ms. P. Ralijemisa	P-5	CIA	Madagascar
IO Assistant	Mr. L. Courtial	G-6	CFE	France

2. The total non-post resources allocated to the head "Internal Oversight and other Oversight Provisions" is CHF 210,000 in 2020 (214,000 in 2019). The utilization is shown in the table below:

Item	Expenditure
External Audit & related expenses	144,000
Short-term Staff	13,000
Operating Expenses	20,000

**Annex – Recommendations open for more than 12 months**

Recommendation	Management Comments	IOO comments
<p>Consistency and transparency of budgetary decision making needs to be further improved. Budgetary decisions should be taken transparently based on due consultation with all the allotment holders. Key changes in policies and practices should be formally approved and disseminated to concerned managers before implementation.</p>	<p>D/CSG Meetings and discussions was held in mid-September led by the Cabinet Office Monitoring Evaluation, Risk and Performance Unit, the Budget Unit (which has now been moved to the Finance division in GS) with ASG and DSG and D/CSG about the operational planning for 2021 and the process for budgetary allocations for departments. This process is following a systematic, rigorous, and transparent approach and respecting the ceilings set by congress. The delegation of authority in the context of senior management compacts by the department directors regulates the expenditures within overall ceilings. The impact of COVID-19 on programmatic and operational expenditures has been discussed together with the cash- flow situation of the Secretariat due to slowing of assessed contributions. The baseline staffing table is being reviewed with directors and updated allocations for 2021 will be made in mid-October to the SG for his approval following these consultations with ASG DSG and D/CSG working with finance and budget and based on the best available information and in line with LTGs and SOs,.</p>	<p>Keep open till Budget Process Document is approved.</p>
<p>The Nairobi Office should follow up with the Government of Kenya to finalize the Host Country Agreement.</p>	<p>D/MS MARCH 2021 Draft HCA is still sitting with the Ministry - we continue to follow up but response is slow The SG of WMO recently approved the move of the WMO Office ESA Nairobi from the KMD premises to the UNON Gigiri. The Representative has submitted a request for space at UNON. This could mean making some changes in the HCA.</p>	<p>Open as per management comments.</p>
<p>D/DRA should ensure that the Guidelines on the operations of the Regional / Subregional /Field offices are updated. They should include management of official vehicles.</p>	<p>D/MS March 2021 Working with MERP Draft guidelines will be avail end October - Final Version end December</p>	<p>Open as per management comments.</p>

Recommendation	Management Comments	IOO comments
<p>D/CER should prepare a road map for consolidating the electronic document repositories to the extent possible. The road map should be aligned with IT strategy, and consider existing and future technology options with user acceptance as the key criteria.</p>	<p>D/I March 2021</p> <p>A road map for consolidating the document repositories will be developed under the ICT Strategy (scheduled to be delivered in Q2 2021). Note that this is a complex undertaking that will require significant change management</p>	<p>With implementation of Office 365, further repositories have been created in "One Drive", "SharePoint" etc.</p> <p>Strategic consolidation is required to ensure integrity and quality of information.</p> <p>Open as per management comments.</p>
<p>Consideration should be given to integrate gender marker in budgeting and expenditures in Oracle.</p>	<p>D/CSG APRIL 2020</p> <p>Not implemented yet it will be explored what is possible.</p>	<p>Open as per management comments.</p>
<p>About 50% of the expenditure on ERP enhancements has not been fruitful. In the case of PBCS and NFP it appears that business requirements were not captured comprehensively resulting in solutions not being used.</p> <p>There is a need to strengthen the business requirements gathering process. This could be done by providing guidance and templates in the project management process. C/ITSS should introduce necessary supplements</p>	<p>D/GS-C/FIN March 2021</p> <p>D/DEIT is responsible for the new ERP, hence the responsibility for this recommendation should be changed to reflect this. C/FIN is only one of the users of the ERP within GS department. FIN, HR and Procurement, as the main ERP users of the GS department, have prepared a list of their current processes-requirements, which was shared with DEIT. However, as the Secretariat needs to overhaul the system, GS is proposing to look into most efficient business models of the UN system. Having as a starting point OUR our requirements means having as a basis current staffing and outdated processes. Therefore, I recommend that we adapt our workflows and processes to the best cloud-based model. The consultant's report already pointed out the UNDP as good solution, which we are actively pursuing now.</p>	<p>The recommendation will be readdressed to D/I, the project in-charge of new ERP project.</p>
<p>D/DRA should follow up with the RAM and Costa Rica Office on updating the Host Country Agreement with their respective host country.</p>	<p>D/MS MARCH 2021</p> <p>Put on hold pending IOO review of strategic location of WMO Regional and Representative Offices</p>	<p>Keep open and assess in next review.</p>

Recommendation	Management Comments	IOO comments
<p>C/FIN should consider introducing a uniform tool to maintain petty cash for all offices in the field.</p>	<p>Regional Office Guidelines still under development. Tool = Excel spreadsheet expenditure report. Guidance currently given to Regional Offices one to one for the submission of the monthly expenditure reports.</p>	<p>Keep open and follow up in next review.</p>
<p>Budget Office in consultation with FIN should come up with a clear policy on mapping the projects to account segments in Oracle, duly considering the business needs of handling multiple projects from the funds received from the same donor/agreement, different support costs to be applied to different activities/projects, multi-donor trust funds, avoid double-counting of expenditure in case of transfers between projects and ability to generate project financial reports directly from Oracle.</p>	<p>D/CSG APRIL 2020 D/CSG: A Controllers document 4 represents the first step (of two) in the description of the TF structure that will fully address the recommendation A second document under development from BU and FIN will complete the review of the purpose structure taking into account all the relevant parameters. This document, formalize the immediate pre-requirements to start using in 2020 a new chart of accounts and describe other closed related problems linked to the accounting of projects. Other more complex items like the management of support cost and managing at the project level are currently in analysis and discussion between FIN and BU.</p>	<p>Keep open and assess in next review.</p>
<p>Vendor bank details are not maintained in the financial system (Oracle). The responsibility for maintaining the vendor bank details maintenance is combined with that of making disbursement which compromises segregation.</p> <p>C/FIN should assign the responsibility of vendor bank details maintenance to a staff who does not have authority to make disbursements. Standing instructions may be revised as appropriate. Vendor bank details should be maintained in Oracle, and payments should be generated from approved invoices in Oracle which should be used for disbursement.</p>	<p>D/GS-C/FIN MARCH 2021 Status remains the same as at December 2020 and is expected to be reviewed and updated in connection with the ERP upgrade project.</p> <p>Decision still pending on: (a) Who is responsible for entering vendors / bank information and Oracle Responsibilities adjusted accordingly. (b) Ownership and verification i.e. Treasury (Read Only). Current system requires configuration to produce XML format.</p>	<p>Keep open and follow up in next review.</p>

Recommendation	Management Comments	IOO comments
<p>Integration of Oracle payments with banking system should be done.</p>		
<p>Details of invoice processing in AP is not documented. This can result in confusion in responsibilities and inconsistencies.</p> <p>C/FIN should document the AP process describing the steps to be taken in invoice processing, for different categories of invoices, mapping it to the requirements of financial rules and actions in Oracle.</p>	<p>D/GS-C/FIN March 2021</p> <p>Status remains the same as at December 2020 and is expected to be reviewed during the first half of 2020. Recommend including D/LCC as well as much of this now relates to platform processes.</p> <p>The documentation of business processes has begun with the implementation of the GS Platform and is currently under review with the business owners.</p>	<p>Keep open and follow up in next review.</p>
<p>There is no ongoing monitoring of AP activity. Identification of weaknesses/opportunities for improvement cannot be identified.</p> <p>Considering the cost of implementation, C/FIN should lay down key performance indicators for AP process covering invoice processing costs, time and accuracy and institute a process for their ongoing monitoring.</p>	<p>D/GS-C/FIN MARCH 2021</p> <p>Recommend including D/LCC as well as much of this now relates to platform processes.</p> <p>During January 2021, reports of invoice processing and payment processing were added to the Finance element of the portal to allow for analysis and development of KPIs</p>	<p>PR APRIL 2020</p> <p>Keep open and follow up in next review.</p>
<p>Presently all the invoices are manually entered in Oracle, including the invoices generated internally. There is an opportunity for savings by auto-creating invoices based on receipts at least for the internal invoices.</p> <p>C/FIN should investigate implementing auto-creation of invoices by leveraging the Oracle features, primarily related to internally created invoices.</p>	<p>D/GS-C/FIN MARCH 2021</p> <p>Status remains the same as at December 2020 and is expected to be reviewed and updated in connection with the ERP upgrade project.</p> <p>FIN is in the process of revising the Financial Rules and Standing Instructions that would allow for the auto-creation of invoices upon receipt in areas that would be appropriate (e.g. SSAs). Discussions with the Oracle support team have begun and modifications to the system would be required, which will need to be costed and prioritized.</p>	<p>Keep open and follow up in next review.</p>

Recommendation	Management Comments	IOO comments
<p>Routing the approval of invoices through the requesting department, especially in the cases when the requesting department has entered the receipt against the corresponding PO does not add value to the process and causes delays.</p> <p>C/FIN should investigate the internal control processes surrounding receipting and, subject to that analysis, make a proposal to discontinue the approval by requesting the department when the department has already received the Purchase Order.</p>	<p>D/GS-C/FIN MARCH 2021 Status remains the same as at December 2020 and is expected to be reviewed and updated in connection with the ERP upgrade project.</p> <p>The implementation of this recommendations requires a modification of the Financial Rules, Standing Instructions and, ultimately the ERP system. The initial modifications to the regulatory framework are being proposed to allow for this.</p>	<p>Keep open and follow up in next review.</p>
<p>Payment Instructions are required to be countersigned by DSG/ASG for payments over CHF 40,000. For payments based on approved invoices and receipts this does not appear to add value and causes inefficiency.</p> <p>While ensuring sufficient controls exist, C/FIN should explore and make a proposal to amend the SIs to do away with the control of countersigning payment instructions by DSG/ASG.</p>	<p>D/GS-C/FIN MARCH 2021 Restarting the process to modify this now with the assistance of D/LCC.</p>	<p>Keep open and follow up in next review.</p>
<p>C/PCD should maintain a set of adequate KPIs to enable meaningful analysis and make improvements in the procurement process as necessary.</p>	<p>D/GS-C/Proc MARCH 2021 A list of proposed KPI has been drafted.</p>	<p>Keep open and assess in the next review the usage of these KPIs.</p>