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Workplan for IFAD's Office of Audit and Oversight for 2020

Addendum

Executive Board — 128th Session
Rome, 10-12 December 2019

For: **Confirmation**

Workplan for IFAD's Office of Audit and Oversight for 2020

Addendum

Introduction

1. The attention of the Executive Board is drawn to the following modifications to the Workplan for IFAD's Office of Audit and Oversight for 2020 (EB 2019/128/R.39).

2. Based on the review and feedback of the Audit Committee during its 155th meeting of 25 November 2019, and as approved by the President, the following changes were made to the Office of Audit and Oversight (AUO) workplan for 2020, for which the confirmation of the Executive Board is sought.

Changes to the AUO 2020 workplan

3. The audit of the "management of loan arrears" will be rescheduled to 2021. The planned audit of "staff selection processes" will be replaced by a wider-scope audit assignment on "workforce management". In addition, AUO will complement its planned advisory input to the ongoing reform of the enterprise risk management framework with an assurance assignment on "risk management". The new 2020 audit assignments are described below:

   - **Workforce management.** A continued area of risk for IFAD relates to its workforce, in particular the ability to identify and react in an agile manner to the changing needs in the skills and volume of human resources (HR). The results of the Global Staff Survey, issued in early 2019, pointed to staff concerns regarding inter alia work-life balance, mobility, career advancement and recruitment processes, all of which are impacted by the ability of the organization to address its workforce needs. An in-depth HR study has been undertaken and a number of other initiatives are under way related to workforce management, including introduction of mobility and promotion policies, revision of the performance assessment system, and development of talent management structures. AUO will conduct an audit towards the end of 2020 to assess the effectiveness of workforce management. Relevant input will be gathered through, inter alia, the audits of the hubs and will include consideration of how managers identify workforce needs, how these are communicated and consolidated, and the different means with which these needs are addressed (i.e. staff mobility or recruitment, vacancy planning and management, use of consultants or short-term staff).

   - **Risk management**. IFAD is in the process of significantly revising its approach to risk management, with the objective of introducing robust and best practice processes. AUO will review the effective status of the roll-out of this revised approach, with a particular focus on the areas of programme delivery risk and operational risks, and will assess the maturing of IFAD's risk management function. The audits on the hubs planned for 2020 will be one means through which insight and evidence will be collected regarding how these areas of risk are being managed, as will audit work related to the assessment of financial fraud risk. AUO will start the audit towards the end of 2020 so as to benefit from these findings and to allow for the risk management structures to be finalized. Recognizing that this is an ongoing process, the audit will seek to identify areas where the roll-out (training, communications and effective application) may be lagging or where the process and structures are not adequately meeting organizational needs.

4.   These changes are consistent with AUO's risk assessment. The revised AUO workplan for 2020 and tentative workplan for 2021 are set out in table 1 below.

Table 1
Planned activities for 2020 and 2021 – <mark>Revised</mark>

Planned activities for 2020	*Tentative plan for 2021*
Internal audit	**Internal audit**
Audit	**Audit**
▪ Six audits of the hubs with the highest budget, to include efficiency, budgeting, business continuity and communications (tentatively Côte d'Ivoire, India, Kenya, Panama, Turkey and Vietnam)	▪ ICO/hub audits: Six or seven audits of the hubs not audited in 2020, plus ICOs selected on the basis of a risk assessment
▪ Three country programme audits focusing on efficiency and quality of fiduciary supervision) (tentatively India, Turkey and Vietnam)	▪ Four or five country programme audits focusing on efficiency and quality of fiduciary supervision
▪ Recovery of ineligible expenditures in loan/grant financing	▪ Reliance on national procurement systems and application of IFAD procurement guidelines
▪ Management of financial fraud risks	▪ ICO/hub public communications with Member States and external partners
▪ ~~Staff selection processes~~	▪ Management of interest rate risks and controls over the use of derivatives
▪ <mark>Workforce management</mark>	
▪ <mark>Risk management</mark>	▪ <mark>Management of loan arrears</mark>
▪ ~~Management of loan arrears~~	▪ IT security and IT continuity planning
▪ IFAD Client Portal – IT security	▪ ~~Currency risk management~~
▪ Internal controls related to financial reporting	▪ Internal controls related to financial reporting
▪ Status of implementation of the IFAD Transparency Action Plan	▪ Status of implementation of the IFAD Transparency Action Plan
▪ Expenditure of the President's residence and compliance review of the expenditures of the Office of the President and Vice-President	▪ Expenditure of the President's residence (April to March)
▪ Certification of headquarters expenditures submitted to the Government of Italy for reimbursement	▪ Certification of headquarters expenditures submitted to the Government of Italy for reimbursement
▪ Data analytics: Trends, exceptions and workforce risk indicators	▪ Data analytics: Trends, exceptions and workforce risk indicators
Advisory	**Advisory**
▪ Observer participation in important second line of defence Management committees	▪ Observer participation in important second line of defence Management committees
▪ Provision of comments and input into key proposed projects, products and institutional initiatives	▪ Provision of comments and input into key proposed projects, products and institutional initiatives
▪ Only tasks contributing to institutional risk mitigation	▪ Only tasks contributing to institutional risk mitigation
Investigations and anticorruption	**Investigations and anti-corruption**
▪ Effective and timely investigations	▪ Effective and timely investigations
▪ Promotion of new anticorruption policy (training, awareness, advocacy)	▪ Promotion of new anticorruption policy (training, awareness, advocacy)
▪ Coordinated advocacy and awareness work on misconduct risks	▪ Coordinated advocacy and awareness work on misconduct risks
Capacity-building and coordination	**Capacity-building and coordination**
▪ Representation and advocacy at internal and external meetings	▪ Representation and advocacy at internal and external meetings
▪ Maintenance and development of audit and investigation support tools	▪ Maintenance and development of audit and investigation support tools
▪ Staff recruitment, training, evaluation and development	▪ Staff recruitment, training, evaluation and development
▪ United Nations and international financial institution (IFI) audit and investigation network coordination	▪ United Nations and IFI audit and investigation network coordination

The changes to the text are shown in highlight, while strikethrough indicates deleted text.