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# FINANCE COMMITTEE

**Hundred and Eighty-eighth Session**

**8-12 November 2021**

**Progress Report on Implementation of Recommendations of the  
FAO Oversight Advisory Committee**

Queries on the substantive content of this document may be addressed to:

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### EXECUTIVE SUMMARY

- This report outlines the progress by the Secretariat on implementation of recommendations made by the Oversight Advisory Committee (OAC).
- This report provides an update on reporting on implementation of recommendations of the Oversight Advisory Committee as included in *Annex 2* of document [FC 185/12](#) *FAO Oversight Advisory Committee - 2020 Annual Report*.

### GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

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

#### Draft Advice

##### **The Committee:**

- **noted the status of implementation of the recommendations of the Oversight Advisory Committee;**
- **welcomed the progress made in closing recommendations of the Oversight Advisory Committee; and**
- **looked forward to further updates on progress in implementing recommendations at its next Session.**

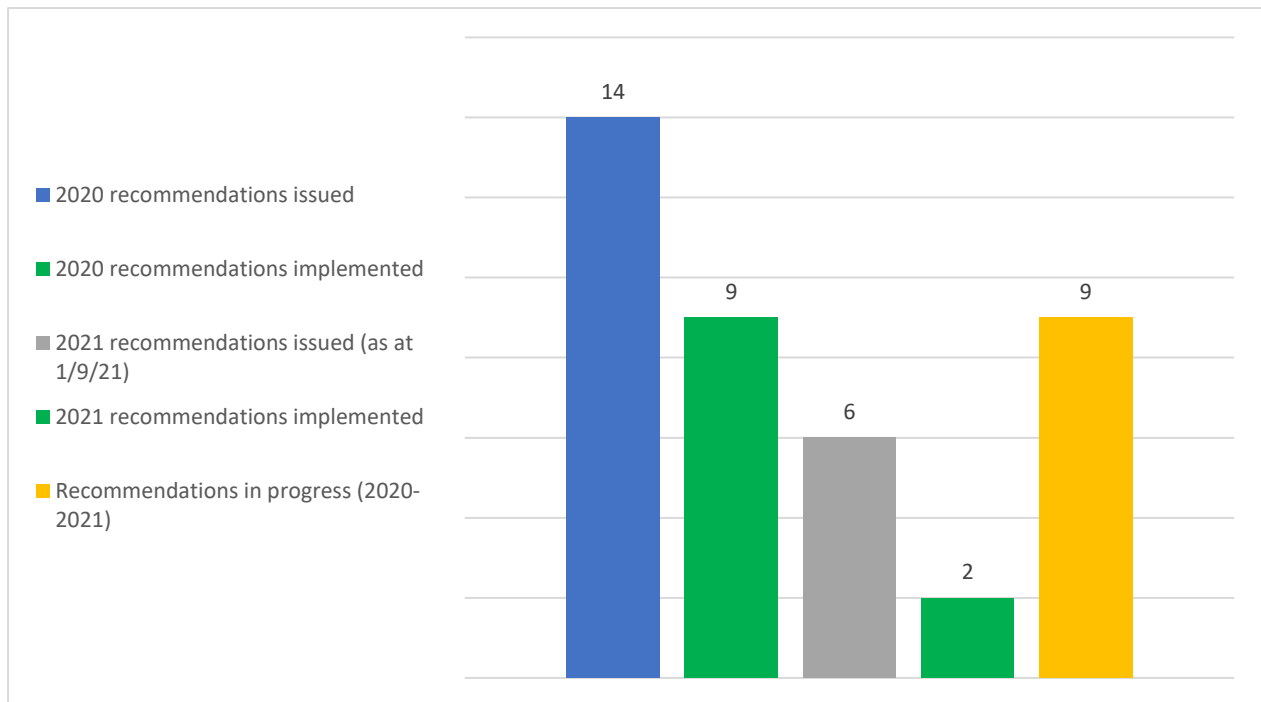
1. This document provides a summary of the status of implementation of the Oversight Advisory Committee (OAC) recommendations at the time of writing this report as shown in *Table 1* and *Figure 1*.
2. *Table 2* presents details of the latest status of implementation of Oversight Advisory Committee recommendations.

**Table 1. Status of implementation of Oversight Advisory Committee recommendations**

Year	Recommendations issued	Recommendations Implemented	Recommendations In progress
2020 (AC 54th, OAC 55th, OAC 56th)	14	9	5
2021 (OAC 57th, OAC 58th) <sup>(i)</sup>	6	2	4
<b>Total recommendations</b>	<b>20</b>	<b>11</b>	<b>9</b>

<sup>(i)</sup> The 58th meeting of the OAC (18-21 October 2021) had not taken place at the time of writing this report

**Figure 1: Number of Oversight Advisory Committee recommendations**



**Table 2: Status of implementation of Oversight Advisory Committee recommendations**

● COMPLETED		● BEING FINALIZED		● ONGOING	
INTERNAL CONTROL, RISK MANAGEMENT, PREVENTION OF FRAUD AND OTHER CORRUPT PRACTICES					
1.	OAC 58 5-7 July 2021	●		<b>OAC:</b> Recommended that the existing risk assessment process undertaken by management be more explicitly linked to the risk assessment processes undertaken by the internal and external auditors and the evaluation function to ensure that areas selected for independent review are based on a holistic view of risks. <b>FAO:</b> Ongoing.	
2.	OAC 58 5-7 July 2021	●		<b>OAC:</b> Recommended that management retain a clear focus on analysing the resources and processes for assessing implementation capacity of extrabudgetary resources and providing supervision over recipient executed projects. <b>FAO:</b> Ongoing.	
3.	OAC 56 18-20 November 2020	●		<b>OAC:</b> Suggested establishment of an internal "Risk Committee". <b>FAO:</b> Completed. The Core Leadership Team is functionally acting as a 'Risk Committee'.	
4.	OAC 56 18-20 November 2020	●		<b>OAC:</b> Suggested alignment of the internal control framework to the new Organizational structure. <b>FAO:</b> Completed. The Internal Control Framework was updated in December 2020 following approval of changes to the Organizational structure.	
5.	OAC 56 18-20 November 2020	●		<b>OAC:</b> Requested a corporate analysis of risks and unknown variables in the new Strategic Framework. <b>FAO:</b> Completed. Presented in document <a href="#">Strategic Framework 2022-31</a> .	
6.	AC 54 24-25 February 2020	●		<b>OAC:</b> Suggested all inputs from the internal control questionnaires (ICQs) at corporate, country offices and regional offices be consolidated to guide FAO's next steps, and recommended to adapt guidance according to the issues that have arisen to be targeted in the next exercise. <b>FAO:</b> Completed. An analysis of ICQs is carried out every year, with a summary report prepared to provide highlights. The data is shared with the relevant business offices for any action deemed suitable, for example in terms of tailored support. The questionnaire and the process have been adjusted in 2021 taking into consideration feedback received from colleagues participating in the exercise, as well as developments on the side of policy and processes, aiming to provide a streamlined process which targets control points in the main risk areas.	
		●		<b>OAC:</b> Agreed on the need to identify the top organizational risks also drawing on conclusions of the JIU study on ERM and update FAO's corporate risk log. <b>FAO:</b> Being finalized.	
7.	OAC 56 18-20 November 2020	●		<b>OAC:</b> Recommended to include SDG 16.5 on justice in FAO's fraud prevention dashboard and in Strategic Framework. <b>FAO:</b> Completed. FAO is fully committed to SDG 16.5, to reduce corruption and bribery in all their forms. While the specific indicators formulated under SDG 16.5 are not applicable to FAO, FAO has included corruption and bribery in the fraud risk register which is at the basis of the Fraud Prevention Plans (FPPs) prepared by all FAO offices. An indicator on the compliance with the requirement for updated FPPs has been included in the new results framework, which will be in place from 2022.	
INTERNAL AUDIT AND INVESTIGATIONS					
8.	OAC 58 5-7 July 2021 OAC 57 16-18 February 2021	●		<b>OAC:</b> Expressed concern over the volume of outstanding audit recommendations, and stressed the importance of "joining the dots" between the extent and nature of the findings (both internal and external audit recommendations) and envisaging long-term solutions to root causes and systemic problems, and suggested that FAO identify a dedicated locus for this scoping analysis <b>FAO:</b> Ongoing.	
9.	OAC 56 18-20 November 2020	●		<b>OAC:</b> Recommended OIG review outstanding audit recommendations for continued relevance. <b>FAO:</b> Completed. OIG completed the review and closed a number of recommendations which were no longer relevant.	

10.	OAC 55 27-29 July 2020	●	<b>OAC:</b> Appreciated the Director-General's commitment to facilitate sufficient resources on an 'as-needed basis,' while noting the shortfall in the investigation function would need a longer-term more sustainable solution. <b>FAO:</b> Being finalized. Substantial increase in resources (13%) was allocated to OIG in the PWB 2022-23. OSP will provide additional resources as required.
11.	OAC 55 27-29 July 2020	●	<b>OAC:</b> Recommended continued attention by FAO on developments within the UN system concerning the provisions for a process and modalities for allegations of misconduct against a Director-General. <b>FAO:</b> Ongoing coordination, under LEG leadership, with the UN system.
12.	AC 54 24-25 February 2020	●	<b>OAC:</b> Noted several audit reports presented a number of commonalities and similar problems and recommended that OIG make a presentation to senior managers, preferably biannually, on unsatisfactory audit reports, as a lessons learning process, especially for audit reports that are rated unsatisfactory. <b>FAO:</b> Completed. OIG Presentations made in February and September 2021, and ongoing thereafter.
<b>ETHICS AND OMBUDSMAN FUNCTIONS</b>			
13.	OAC 58 5-7 July 2021	●	<b>OAC:</b> Noting that many units (OIG, ETH, OMB, HR) were involved in the management of the internal justice system, recommended a more cohesive, holistic view in analysing the root causes and observations of the individual units to identify the causes and potential remedies for increases in the number of cases relating to workplace integrity issues. <b>FAO:</b> Ongoing.
14.	OAC 55 27-29 July 2020	●	<b>OAC:</b> Recommended the Ethics Office assume the responsibility for management of the gifts policy. <b>FAO:</b> The review of the gift policy is being finalized, following input received from various stakeholders.
15.	AC 54 24-25 February 2020	●	<b>OAC:</b> The Committee requested to conduct a survey on satisfaction with the Ethics Office two years after its full establishment (2022). <b>FAO:</b> Planned for 2022.
<b>HUMAN RESOURCES</b>			
16.	OAC 56 18-20 November 2020	●	<b>OAC:</b> The Committee requested to review progress on the implementation of the HR Strategic Plan 2020-2021 at its 59th meeting. <b>FAO:</b> Planned for next OAC review in October 2021.
<b>PREVENTION OF SEXUAL HARASSMENT, SEXUAL EXPLOITATION AND ABUSE</b>			
17.	OAC 57 16-18 February 2021	●	<b>OAC:</b> Recommended FAO put more emphasis on a 'victim-centred' approach, including through providing easy access to guidance and information, also on the website, and raising awareness. <b>FAO:</b> Completed. " <a href="#">FAO's Roadmap From Concern to Clarity</a> " and " <a href="#">FAO Code of Ethical Conduct</a> " published.
18.	OAC 56 18-20 November 2020	●	<b>OAC:</b> The Committee appreciated the efforts in improving FAO's corporate policies, processes and measures on the prevention of harassment, sexual harassment, sexual exploitation and authority abuse, and agreed to further review coordination of activities and accountability within FAO in this regard. <b>FAO:</b> Completed. A comprehensive presentation on coordination of activities and accountability within FAO was delivered to the OAC at its 57th meeting.
<b>CORPORATE LOGISTICS AND OPERATIONAL SUPPORT</b>			
19.	OAC 56 18-20 November 2020	●	<b>OAC:</b> The Committee expressed concern with the delay in the application of sanctions to vendors following issuance of OIG reports and agreed to have an in-depth review of vendor sanctioning and the role of the Vendor Sanction Committee in 2021. <b>FAO:</b> Completed. The issue was reviewed by the OAC at its 57th meeting.
<b>DIGITAL INNOVATION AND CYBERSECURITY</b>			
20.	OAC 56.III 1 February 2021	●	<b>OAC:</b> The Committee noted the need for comprehensive review of FAO's IT governance, systems' vulnerability, risks and mitigation plans, and held a dedicated session on the review of ICT matters in February 2021. <b>FAO:</b> Completed. The issue was reviewed by the OAC at a special meeting in February 2021.