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منظمة
الغذية والزراعة
للأمم المتحدة

FINANCE COMMITTEE

Hundred and Ninety-eighth Session

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**Progress Report on Implementation of Recommendations of the External
Auditor**

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

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EXECUTIVE SUMMARY

- This report outlines the progress on implementation by Management of recommendations made by the External Auditor.
- The report presents the progress made by FAO to implement recommendations that were outstanding at the date of the previous progress report presented to the Finance Committee at its 194th Session in November 2022.

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 status of implementation of the recommendations of the External Auditor; and**
- **urged the Secretariat to continue efforts to close the remaining outstanding recommendations.**

Introduction

1. The table below summarizes overall FAO progress in implementing the External Auditor's recommendations.

Audit Report ¹	Total Recommendations	Outstanding at previous Reporting Date ² (November 2022)	Closed since the previous Reporting Date	Outstanding at the current Reporting Date (November 2023)
Long Form Report 2017	29	2	1	1
Long Form Report 2018	41	7	2	5
Long Form Report 2019	42	17	2	15
Long Form Report 2020	48	37	17	20
Long Form Report 2021 ³	20	20	12	8
Total	180	83	34	49

2. The table below presents details of the latest status of implementation of each recommendation which had not yet been closed at the date of the previous progress report presented to the Finance Committee, including the timeline suggested by the External Auditor for implementation.

3. Actions taken by the Secretariat to implement each recommendation are presented in the column entitled Management Response, and the External Auditor's view on the progress of implementation of all recommendations is presented in the last column entitled External Auditor's Comments.

4. In addition to the 34 recommendations reported as closed above since the date of the previous progress report, there are a further 13 recommendations which management considers as implemented but which are pending validation by the External Auditor (Long Form Report 2021 – recommendation 15; Long Form Report 2020 – recommendations 10, 23, 29, 30, 31, 32 and 40; Long Form Report 2019 – recommendations 10, 33 and 39; Long Form Report 2018 – recommendations 11 and 12). The External Auditor will validate the management comments and actions taken on these recommendations during its upcoming audits.

¹ Reports are not listed when all recommendations have been previously closed (Long Form Reports for 2012-16).

² FC 194/5.1 for Long Form Reports issued for 2020 and prior.

³ FC 194/3

Long Form Report 2021

	Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
FUNDAMENTAL					
Financial Audit					
Revised useful life of assets (ULA)					
1.	Review the useful life of assets (ULA) annually and incorporate the revised estimated value of assets along with the related changes in its Annual Financial Statements (AFS) along with appropriate disclosure in Notes to the Annual Financial Statements to comply with the provisions of International Public Sector Accounting Standards (IPSAS). (Paragraph 53)	2022	CSF	Management confirms that this recommendation has been implemented effective 1 January 2022.	Implemented
Management Matters					
Performance audit of Investment Centre (CFI)					
5.	Develop metrics for mapping the leverage effect of its work and in measuring as well as maintain data in support of the outcome. (Paragraph 79)	2022	CFI	<p>Management confirms that this recommendation has been implemented effective June 2022 and will be further refined during 2023 with the development of the new MIS system.</p> <p>CFI has developed metrics to track “investment leverage” including:</p> <p>For public investment:</p>	Implemented

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			<p>- At the design stage for the public investment portfolio the metrics include the number and value of investment projects developed in collaboration with investment partners, and the number of investee countries.</p> <p>- At the implementation stage, the total public investment portfolio supported, including the number and value of projects, and the number of countries.</p> <p>- CFI is also developing a system to measure the outreach in terms of users/beneficiaries.</p> <p>For private investment:</p> <p>- CFI is discussing with partners the development of metrics on private investment.</p> <p>For blended finance:</p> <p>- CFI has developed a detailed database tracking individual proposals submitted to blended finance funds which CFI has reviewed. The database allows reporting on proposals reviewed along with those approved and signed. It also tracks key variables such as the number of investment proposals, the value of those proposals along with many other secondary indicators (value chain, country, type of investee, etc.).</p>	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>Most of this information is published in the Investment Centre Annual Review. CFI also reports on the budget leverage ratio (RP budget compared with budget from external resources) as part of its periodic budgetary reporting to OSP.</p> <p>Metrics will also be reported through the MIS system under development.</p>	
Performance Audit on Programme Budget, Work Planning and Reporting of Programme Implementation					
Formulation of Country Programming Frameworks					
8.	Implement a mechanism to ensure timely finalization of Country Programming Frameworks (CPFs) for all the countries where CPF is required, in order to provide a current basis for an efficient programming, implementation and reporting at country level under the new Strategic Framework. (Paragraph 110)	2022	OSP/ROs	OSP will utilize the new country programming framework dashboard information in collaboration and liaison with the relevant regions to follow up on cases where CPF formulation is lagging and ensure its timely finalization. This information will be used as a basis for specific Regional Office follow-up to accelerate action where possible, recognizing the primacy of the UN Resident Coordinator and limitations on FAO unilateral action inherent in the joint programming processes.	Implemented
Linkage of outputs in workplans to projects					
11.	Consider making it mandatory to link every output in a workplan with relevant projects and vice versa (with an option to enter 'to be decided' for outputs without	2022	OSP/PSS	In the context of the PROMYS project, FAO will ensure that the project linkage to country output is established systematically and vice versa. This will ensure that the data repositories for projects,	Implemented

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
ready reference to any project) in the current/upcoming application for reporting on the progress in achievement of the intended PPA Outcome and output Indicators in the Strategic Results Framework. (Paragraph 126)			country programming and corporate programming are in alignment.	
SIGNIFICANT				
Financial Audit				
Bank Reconciliation Statements and non-reconciliation of year end balances				
2.	Institutes controls to ensure completion of all bank reconciliation within defined timelines. (Paragraph 61)	As part of ongoing work	<p>CSF</p> <p>Management agrees on the importance of ensuring timely reconciliation of bank statements and confirms that the established policy requires that bank reconciliations are completed within 30 days of the end of the month being reconciled.</p> <p>Monitoring and follow-up actions include:</p> <ul style="list-style-type: none"> - CSF follows up regularly with Decentralized Offices to ensure that reconciliations have been completed prior to replenishing their bank accounts. - CSF provides support to offices either through one-on-one training, or in certain cases, carrying out the bank reconciliation on their behalf. - Country Financial Risk Reports highlight offices that are consistently late so that the head 	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>of the office is made aware of the situation and can take action.</p> <p>- CSF has developed an online course on bank reconciliation as a pre-requisite for access to the GRMS cash management (bank reconciliation) module and holds refresher virtual courses each year.</p> <p>- FAO is carrying out reconciliations of all unreconciled subledger entries, noting that some historical issues require considerable research.</p>	
Refunds payable and voluntary contributions received in advance					
4.	Consider separate disclosure of voluntary contributions received in advance and refunds payable to the donors, in the Statement of Financial Position in compliance with the Para 89 IPSAS-1 and for better interpretation of financial information by the user of the AFSs. (Paragraph 65)	2022	CSF	This recommendation will be addressed as part of the adoption of new revenue recognition standards to be issued by the IPSAS Board.	Under implementation
Management Matters					
Performance audit of Investment Centre (CFI)					
6.	Formulate an implementation strategy to build capacity in investment support based on needs analysis to identify critical gaps in knowledge and capacity. (Paragraph 87)	2022	CFI	Management confirms this recommendation has been implemented in terms of the overall strategy. Operational details are being discussed and should be concluded during 2023.	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				Capacity development is an emerging area of work and currently represents a relatively small value of CFI delivery. It is expected to grow in the coming years, as anticipated under CFI's Transformation Plan. To this end, CFI has developed two "Companion Solutions" to its four investment and finance solutions – capacity development for investment (CD4I) and knowledge for investment (K4I) respectively. The strategy provides that the two solutions are driven by the demand and needs of Member Countries and financial partners.	
Performance Audit on Programme Budget, Work Planning and Reporting of Programme Implementation					
Alignment of Projects to workplans and PPAs/SDG targets					
10.	Ensure integration of projects within the country work planning to the Programme Priority Areas (PPAs) and the Sustainable Development Goals (SDG) targets with its contribution duly reflected in standardized output indicators. (Paragraph 120)	2022	OSP/PSS	<p>FAO country level project contributions to PPAs and SDGs have been captured in FPMIS at the point of formulation and confirmed before approval since the beginning of 2022. In the context of the PROMYS project, a systematic linkage between projects and country outputs will be established. This will ensure country workplans reflect PPAs and SDGs comprehensively, and a holistic view of PPA and SDG contributions provided in corporate reporting.</p> <p>The high level PROMYS architecture will be defined as part of the initial phases of the project.</p>	Under implementation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment	
			This will ensure that the systematic linkages will be made when the system is built and data is migrated.		
Linkage of Country Programming Frameworks (CPF) Outputs, Programme Priority Areas (PPAs) and SDGs					
12.	<p>For ensuring correctness of measuring and reporting on progress of the Organization towards the SDG goals through the standardized output indicators, FAO should:</p> <p>i) Ensure alignment of CPF outputs and SDG targets with those of United Nations Sustainable Development Cooperation Framework (UNSDCF).</p> <p>ii) Consider enhancing controls to ensure that outputs defined at appropriate levels are linked to PPAs only if the Results Framework supports the PPA linkage through the common SDG targets.</p> <p>iii) Ensure formulation of workplan and Output indicators in Regional and Country Offices is in coherence with the Results Framework.</p> <p>(Paragraph 136)</p>	2022	OSP/PSS	<p>i) FAO policy stipulates that CPF outputs should be derived from and aligned with the UNSDCF and its SDG targets, and accordingly there is a quality control step undertaken by the Regional Offices as a control mechanism.</p> <p>ii) FAO will ensure that the planning systems continue to enforce the alignment of PPAs and the relevant SDGs for all units and projects.</p> <p>iii) For Decentralized Offices, as part of FAO's efforts to further the grounding of the Strategic Framework at country level, the Organization has prepared information and reference/capacitation materials – as part of the overall CPF guidance – to ensure that Decentralized Offices better understand, inter alia, PPA content, theories of change and SDG linkages. This will serve to ensure a better alignment of PPA and SDG linkages at country level.</p>	Implemented

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment	
COMPLIANCE AUDIT FINDINGS					
Procurement					
14.	Endeavour to improve institutional arrangements for facilitating competitive selection of Letter of Agreement (LoA) related service providers to ensure best value for money. (Paragraph 147)	2022	CSLP	<p>Management notes that LoAs are not used for the procurement of goods and services but to obtain services not available on the commercial market, from not-for-profit/governmental entities.</p> <p>CSLP has introduced measures to emphasize the importance of pursuing competitive selection over direct selection with changes made to the handbook and to the supporting documentation required when a LoA is submitted for processing. There is now an entire section on competitive selection in the Note for the File (NFF) and the responsible officer preparing the LoA needs to complete this section, where they must outline all the efforts carried out to identify the service providers via competitive selection.</p>	Implemented
15.	Ensure that controls are in place to ensure that requirements that establish transparency in procurement are adhered to and related records are uploaded by individual offices in Global Resource Management System (GRMS) for record and review. (Paragraph 151)	As part of ongoing work	CSLP	<p>Implemented pending EAUD validation</p> <p>The recommendation was noted and partially agreed upon since using GRMS as a record keeping database has not been established as a policy due to system limitations as well as matters of confidentiality/access to tender specific information.</p> <p>CSLP has raised awareness of this matter through the Regional Offices/International</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>Procurement Officers (IPOs) on the necessity to maintain all documentation and ensure transparency of the process with the upload as a minimum of a signed procurement committee submission in GRMS. The same has been done with regards to the need to ensure delivery dates in POs are critically reviewed and amended as and when appropriate to facilitate the identification of late deliveries and the resulting application of liquidated damages.</p> <p>The ERP Transformation Roadmap will offer opportunities to address this recommendation in a more holistic way.</p>	
Consultant contract duration and contract breaks					
16.	Subregional Office for the Pacific Islands (SAP) Management should bring in systems to ensure that contracts are not renewed without mandatory contract breaks. (Paragraph 157)	2022	SAP/ RAP/CSH	<p>This recommendation has been fully implemented in 2022.</p> <p>SAP complies with organizational rules and guidelines for all cases of NSHR employment. For contract durations, SAP uses the corporate calculator and consults with the Regional Office and/or CSH when required and in the event of exceptions, requisite clearances are obtained.</p> <p>It should be noted that the cases highlighted by the External Auditor during 2020-2021 were managed in accordance with the FAO "Human Resources and Non-Staff Human Resources Guidelines for Offices during the Novel</p>	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				Coronavirus (COVID-19) pandemic” and relevant clearances were duly obtained for the NSHR contract renewals.	
Project Management					
18.	Control measures be implemented to ensure that management actions for timely project closures are undertaken. (Paragraph 168)	As part of ongoing work	PSS	<p>PSS has refined the criteria for flagging projects requiring management action, separating the conditions for operational and financial closure, to improve oversight and budget holder’s monitoring. A project is flagged 1) as requiring operational closure after 90 days of the project end date (exceptions are considered on ad hoc basis, such as when resource partners establish longer times for terminal reporting), and 2) as requiring financial closure one year from the project operational closure.</p> <p>The flag is visible under the project’s core page in FPMIS and under the FPSN monitoring tool, soon to be incorporated in iMIS dashboards for monitoring purposes.</p> <p>Most units and Decentralized Offices have designated specialists to strengthen activities regarding project monitoring and evaluation and to ensure timely operational and financial closure of projects.</p>	Implemented

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment	
Internal Control					
20.	<p>i) Strengthen its compliance with internal controls for an efficient management of petty cash and to safeguard its assets and property.</p> <p>ii) Introduce controls in GRMS to ensure that no ineligible unmatched procurements are allowed.</p> <p>iii) Develop modalities for better communication with field offices for ensuring timely retirement of sold assets from the asset register. (Paragraph 188)</p>	2022	<p>CSF</p> <p>CSL/CSF</p> <p>CSL/CSLC</p>	<p>i) Management notes that while guidance on Petty Cash (PC) replenishments provides that replenishments should be made before the petty cash level reaches 20 percent of the authorized limit, this is a recommended level only and offices can still manage replenishments at below 20 percent of the PC level. This process was included in workshops already held with staff in RAF, RAP, RNE and RLC during 2023 (with REU planned for October) and Management notes that compliance has been strengthened.</p> <p>ii) Payment request forms will be automated and include eligibility checks that prevent the creation of unmatched invoices that fall above established thresholds. The implementation of Single Sign-On (SSO) is a prerequisite for payment request automation and is scheduled for Q4 2023.</p> <p>CSF regularly reviews and reports on unmatched invoices and oversight and monitoring have helped to enhance control over unmatched invoices. This includes a review of requests submitted for CSF-Director approval in order to recommend best practices to the requestor and the update of Standard Operating Procedures</p>	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>(SOPs) on unmatched invoice management to be published by the end of 2023.</p> <p>iii) CSLC conducts regular management trainings for Decentralized Offices and the training materials have been revised to place stronger emphasis on the timely retirement of sold assets from the assets register and submission of the relevant documents.</p> <p>CSL has also strengthened communications in cooperation with CSF. The recently introduced month-end readiness correspondence that CSF distributes to Country Offices to facilitate the month-end closing process includes a reminder regarding the need for timely reporting of disposed assets.</p>	
MERITS ATTENTION					
Financial Audit					
Unutilized inventories					
3.	Incorporate functionalities in GIMS to provide oversight on utilization of inventories. (Paragraph 63)	2022	CSLC	<p>Implementation of GIMS was initiated in Q4 2022 with a first pilot country of South Sudan. Further pilot locations are planned for 2023.</p> <p>The full implementation of inventory management is proposed to be mainstreamed</p>	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				within the Supply Chain work stream of the ERP Programme of Work.	
Management Matters					
Performance audit of Investment Centre (CFI)					
7.	Effectively track invoices and strengthen the mechanism for monitoring performance of consultants. (Paragraph 92)	2022	CFI	CFI developed a monitoring system to track payment of invoices in 2020 with monitoring implemented on a quarterly basis. CFI assesses the performance of consultants based on the deliverables or outputs produced, as indicated in the key performance indicators in the Terms of Reference. CFI supervisors complete a Quality Assessment Review (QAR) at the end of each assignment, which is recorded in Taleo in line with FAO corporate policy.	Implemented
PERFORMANCE AUDIT ON "PROGRAMME BUDGET, WORK PLANNING AND REPORTING OF PROGRAMME IMPLEMENTATION"					
Listing of projects under Work Plan Resources in Programme Planning Implementation, Reporting and Evaluation Support System (PIRES)					
9.	Refine the algorithm in PIRES for listing projects under workplan Resources to include only those projects which contribute to achieving the workplan outputs of that country. (Paragraph 116)	2022	OSP	For 2024-25 the algorithm is being amended to include all the projects known to be contributing to achieving FAO's outputs in the country. Within the work planning module, Country Offices will be provided with a report that summarizes the existing information on project resources available throughout the biennium to support CPF implementation, including projects the FAO Representation is not operating.	Under implementation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment	
COMPLIANCE AUDIT FINDINGS					
Procurement					
13.	Reasons for variation between planned and actual procurements be identified and addressed appropriately so as to ensure that planning serves its requisite purpose. (Paragraph 143)	2022	CSLP	<p>CSLP introduced in 2022 an online Procurement Plan module for the use of Decentralized Offices, the use of which is mandatory. A Business Change Request was implemented in early 2023 so that Purchase Requisitions submitted in GRMS are clearly flagged by Requisitioners as planned/unplanned.</p> <p>With these tools, Regional Offices/IPOs are better equipped to identify and discuss potential gaps with the responsible Budget Holders and Authorized Official/FAOR/Head of Office while CSLP continues to monitor the overall variation between planned and actual procurement and raise awareness, <i>inter alia</i> through its Bulletin.</p>	Under implementation
17.	Errors in GRMS database like vendors with inactive sites should be identified and corrective measures should be taken. Vendors with repeated non-performance should be reviewed for suitable action. (Paragraph 161)	2023	CSLC	<p>Numerous measures have been undertaken in the ongoing effort to enhance the integrity of our supplier/vendor database. These actions include:</p> <ul style="list-style-type: none"> - In 2022, a substantial clean-up effort saw the deactivation of over 91 000 supplier records and 13 000 appointee records. - In 2023, a careful assessment identified approximately 30 000 supplier/vendor entries and NSTs (Non-Staff Travelers) marked for deactivation. 	Under implementation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			<p>- Noteworthy updates have been made to the mandatory requirements for both suppliers/vendors and NSTs, requiring:</p> <ul style="list-style-type: none"> • attachment of bank letters or bank statement copies for suppliers/vendors, and • inclusion of Date of Birth (DoB) information for NSTs. <p>Within this framework, CSLC is entrusted with executing pertinent actions such as deactivating or reactivating supplier/vendor accounts or supplier sites. These actions are guided by information furnished by CSLP, particularly in cases involving vendors with recurrent instances of non-performance.</p> <p>A systematic process of validating inactive suppliers has already been instituted. Going forward, a more comprehensive approach is envisaged, supported by the deployment of dashboards. The phased launch of these Dashboards is planned to commence in September 2023.</p> <p>The Dashboards will significantly improve verification procedures by facilitating streamlined checks and generating diverse reports through an array of filters encompassing region, country, supplier type, banking information, payment methods, and more.</p>	

	Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				Furthermore, it will aid in the identification of potential duplicates, validation of active and inactive suppliers, monitoring of sanctioned vendors, and identification of active suppliers with or without inactive site(s).	
19.	Status of projects in pipeline should be periodically reviewed and updated. Projects considered no longer relevant by formulators should be marked as cancelled in a timely manner. (Paragraph 172)	2022	PSS/PSR	<p>In Phase 1 of the Guide to the Project Cycle, specific guidance has been included to remind Project formulators to review the status of projects in the FPMIS pipeline every 6 months (or more often if required) and cancel any entity (draft concept note or active pipeline) that is not expected to move to the next stage of formulation.</p> <p>Formulators can refer to the FPMIS tool “Field Programme Support Network (FPSN) pipeline monitoring” to carry out this task.</p>	Implemented

Long Form Report 2020

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
FUNDAMENTAL				
Financial Matters				
Employee Benefits Obligations				
1.	Besides effectively pursuing additional assessments on Member Nations to bridge the funding gap in After Service Medical Coverage (ASMC) and Termination Payments Fund (TPF), FAO may explore alternatives as suggested by the UN After Service Health Insurance (ASHI) Working Group, participate in UN Common System's search for a solution and prepare long term strategy to bridge the gap in funding of ASMC and TPF. (Paragraph 67)	2022	CSF	Management continues to draw the attention of the Governing Bodies to this matter, including regularly presenting documents providing updated information on the size of the liabilities, and options to address the funding gap. The latest update on this matter was presented to the Finance Committee at its 195th Session in March 2023.
Assets				
5.	FAO may reassess the useful life of its assets to reflect fair presentation as per IPSAS and to ascertain reasonable	2022	CSF	Management has completed its assessment of the useful economic lives (UELs) of various asset classes and implemented the resulting changes in asset UELs, effective 1 January 2022.

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	estimate of useful life of assets for their further utilization or disposal. (Paragraph 87)				
SIGNIFICANT					
Financial Matters					
Assets					
4.	FAO may review the threshold for capitalization of its property, plant and equipment. (Paragraph 80)	2021	CSF	Management conducted a review of FAO's asset capitalization thresholds in Q4 2021 and increased its capitalization thresholds: for PP&E from USD 1 500 to USD 5 000, and from USD 50 000 to USD 100 000 for self-constructed assets; for its Individually purchased intangible assets from USD 1 500 to USD 5 000 and from USD 100 000 to USD 200 000 for individual internally developed intangible assets, retroactively from 1 January 2021.	Implemented
Inventory Management					
8.	FAO may ensure compliance to IPSAS 12. Priority may be accorded to time-bound implementation of Global Inventory Management System (GIMS) with inclusion of best inventory management practices in the module. (Paragraph 96)	2023	CSLC	<p>This is an ongoing activity with a planned rollout following a phased approach.</p> <p>The implementation of GIMS was initiated in Q4 2022 with a first pilot country of South Sudan. Further pilot locations are planned for 2023.</p> <p>The full implementation of inventory management is proposed to be mainstreamed within the Supply Chain work stream in the ERP Programme of Work.</p>	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Compliance Audit at FAO Headquarters					
Procurement Management					
10.	Uploading of documents in Global Resource Management System (GRMS) relating to procurement may be ensured to facilitate proper evaluation and monitoring of the procurement process and also to enhance transparency. It is also recommended to ensure that actual delivery dates of goods are entered in GRMS to facilitate evaluation of vendor performance. (Paragraph 103)	March 2023	CSLP	<p>Implemented pending EAUD validation</p> <p>The matter of using GRMS as a record-keeping database has not been established as a policy due to system limitations and matters of confidentiality/access to tender-specific information. The GRMS system does not allow for the uploading of documentation nor does it allow the receipts' entry date to be reflected accurately due to various system constraints.</p> <p>A detailed guidance note was updated in 2022 and issued on procurement filing and record keeping. As there are no further system actions which can be taken and all efforts have been made to provide guidance and support on record keeping and procurement filing, this recommendation is considered as implemented.</p>	Pending validation
Travel Management					
11.	An effective monitoring and follow-up mechanism on outstanding travel advances may be put in place for compliance of the stipulated timelines for settlement, with particular emphasis on old cases. It may be ensured that correct and updated data of	December 2022	CSLC	For the first part of the recommendation, ongoing monitoring and recovery of outstanding travel advances are already in place whereby a list of outstanding travel advances is generated on a monthly basis and any travel advance that is overdue and does not have a corresponding TEC approved in the system is automatically recovered from the traveller through the payroll.	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	outstanding advances is maintained by removing transactions that are already adjusted from the database. (Paragraph 108)			The second part of the recommendation on ensuring that correct and updated data on outstanding advances is maintained by removing transactions that are already adjusted from the database, is being addressed. The reported issue of old/cleared advances still appearing on the outstanding advances report was addressed at the end of February 2022.	
Governance Issues					
13.	FAO may work out the VaR on all the investment portfolios in order to assess the potential loss on the entire investment portfolio and also consider raising the confidence level for better risk monitoring. (Paragraph 117)	2021	CSF	FAO monitors portfolio risk through a variety of risk metrics provided, including the value at risk variables provided by the global custodian to measure the risk exposure of the Organization's investments. The metrics stated above collectively guide FAO's risk management. The Organization obtains Value at Risk (VaR) analysis from the custodian of both 95 percent and 99 percent confidence level metrics.	Implemented
Field Offices					
Project Management					
17.	Process owners may be sensitized about ownership of data and the need to ensure accuracy of data/information on the system. (Paragraph 130)	2022	PSS/OSP/ Data Protection Unit	The Guide to the Project Cycle, as well as updated e-learning courses (Project Budget Holder and Project Cycle Fundamentals), address the issue of quality of data upload, and include guidance on the requirement for documents to be saved in the system. With promulgation of the Data Protection Policy, a communications initiative was launched, sensitizing all units of FAO. The Data Protection Policy establishes	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				guidance and processes to ensure integrity and accuracy of data/information. The development of training modules will start in 2022 and continue in 2023 under the Data Protection Unit.	
Procurement					
19.	A review may be carried out, of all cases where actual quantity received was short of net ordered quantity. GRMS may be updated to reflect the correct position wherever quantity ordered has undergone a change post ordering. (Paragraph 136)	2022	CSLP	<p>CSLP will continue to provide guidance and support to the Decentralized Offices to prevent such gaps and shortcomings, enhancing the capacity of the Decentralized Offices to implement the revised Manual Section 502, supporting decentralization of the procurement function, and ensuring effective application of the increased Delegation of Authority by relevant Decentralized Offices.</p> <p>As a first step towards implementation of the above, International Procurement Officers (IPOs) have been deployed in each of the FAO Regional Offices. The regional IPOs will be key players in ensuring a streamlined approach leading to further efficiencies, enhanced internal controls and capacity development of the Country Offices under their oversight.</p> <p>CSLP plans include raising awareness on the importance of reflecting correct quantities in Purchase Orders and in this regard, a Communication was issued to raise awareness of this matter in relevant units and to ensure that GRMS is updated to reflect the correct position whenever there has been an agreed change in quantity ordered after the original issuance of the order.</p>	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
20.	FAO may ensure that information in GRMS regarding amount invoiced is aligned to quantity received and not to quantity ordered in all cases, for ensuring correctness of information, and also for providing an added checkpoint for ensuring correctness of payments. (Paragraph 137)	2022	CSLP	<p>There is an established standard procedure whereby SSC checks the receipt quantity against the invoice quantity to ensure they are aligned. If they are not, the payment is not processed.</p> <p>On the specific instances reported by EAUD where quantity received was recorded as nil, but amount invoiced was as per quantity ordered, CSLP has investigated by running reports to check the situation regarding the three countries (Malawi, Cameroon, and Zimbabwe) and found no PO of this kind. CSLP observed a few POs with a discrepancy between the quantity received and the quantity invoiced and, in most cases, this was related to the tolerance threshold or rounding.</p>	Implemented
21.	All open Purchase Orders where due dates of delivery have been exceeded may be reviewed and liquidated damages may be imposed wherever applicable. (Paragraph 139)	2022	CSLP	<p>CSLP is working closely with the Network of Regional Procurement Officers to ensure liquidated damages are imposed as appropriate. To further strengthen internal controls and accountability, CSLP has undertaken an exercise to revise the standard job descriptions of its IPOs and Terms of Reference for NSHR Procurement Experts.</p> <p>CSLP has taken actions to ensure that any occurrence where Liquidated damages should be applied are addressed through communications to all Buyers to raise awareness on this matter and refer them to existing guidance and iMIS reports available, in order to ensure that correct procedures are followed and that monitoring takes place at the country level.</p>	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Internal Control Measures					
26.	Replenishment of petty cash may be done timely and unannounced cash counts be conducted every month to check the existence of cash in the possession of the custodian at any point of time. Authorized amount of Petty Cash in Decentralized Offices may be reviewed based on utilization. (Paragraph 158)	2022	CSF	An exercise to perform spot checks on petty cash balances was carried out during Q3/Q4 2022 in line with recommendation.	Implemented
Human Resource Management					
28.	There should be sustained efforts at filling up vacant positions in a competitive and time-bound manner, while ensuring transparency in the process of selection. Training plans may be prepared based on identification of skill gaps and training needs; a system of evaluating impact of training may be instituted. (Paragraph 174)	2023 (CSHR) 2023 (CSHL)	CSH	The new recruitment guidelines, in the final stages of review, will supply a robust platform for transparent and effective recruitment while streamlining and clarifying the process to support quicker and more effective use of resources. The corporate learning framework has been drafted, along with associated guidelines, and is currently under review.	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Performance Review on Regional Initiative to End Hunger in Africa by 2025					
29.	<p>FAO may consider:</p> <p>(a) devising a suitable quantitative metric in regard to the ‘mainstreaming of zero hunger’, in the context of its commitment to ‘Mainstreaming of Zero Hunger in FAO’s work at country and regional levels’</p> <p>(b) suitably reviewing the ratio of projects, contributing to the ‘mainstreaming of zero hunger’, in the overall portfolio of projects, which are operational in the African Region, as well as in the focus countries, in the context of the metric so devised. (c) the Organization may direct resource mobilization efforts towards projects that contribute to mainstreaming hunger in its work at Country and Regional levels; and</p> <p>(d) consider ways of enhancing policy approaches</p>	2023	RAF	<p>Management recommends closure of this recommendation based on the response below</p> <p>The Regional Initiative (RI1) is not a stand-alone programme/project but rather a delivery mechanism. It aims to achieve mainstreaming of hunger principally at the policy and strategic level. In this respect, a more appropriate measure would be the food security and nutrition (FSN) policy processes that FAO has provided support for, or contributed to, at the country and/or regional levels; and/or the number of countries that have mainstreamed Zero Hunger in their strategic documents and policy frameworks relative to all countries that committed to the Malabo declaration.</p> <p>In fact, FAO already uses a number of policy processes to measure the mainstreaming of Zero Hunger in strategic and policy documents relating to food and agriculture at country and regional levels.</p> <p>b) Nearly all that FAO did, in terms of its other four Strategic Objectives (besides SO1), also contributed towards the objective of ‘Zero Hunger’; although only SO1 had ‘eradication of hunger’ as its direct objective, there was no established “threshold ratio”, which would determine its suitability or adequacy relative to other equally relevant SOs or development priority areas.</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	to position itself better for bringing in desired changes at policy level. (Paragraph 198)			<p>c) Resource mobilization for projects is done at country level and project funding depends on the area of interest of the Resource Partner. This is beyond the control of the FAO Country Office unless it is a specific project to be funded by the Technical Cooperation Programme (TCP), which should be considered as seed funding.</p> <p>d) Management appreciates this recommendation and acknowledges the fact that it could achieve more desired changes, should it be able to increase and strengthen capacities to support policy implementation and analysis at regional, sub-regional and country levels.</p>	
30.	FAO may review the targets and indicators for assessing the contribution of results in the Africa region to FAO corporate output targets, for ensuring that its performance vis-à-vis these targets better reflect overall progress in achievement of outcomes under SO1 and the food security outcomes in the Africa region, in the context of its global goal of 'reduction of the absolute number of people suffering from hunger' (linked to RI1). (Paragraph 204)	2023	RAF	<p>Management recommends closure of this recommendation based on the response below</p> <p>FAO Outcome indicators measure whether countries have made the necessary changes and established the required capacities to achieve the Strategic Objectives (SO1 and others), in areas under FAO's mandate; FAO uses them to assess its contribution and to increase the focus of its support where needed.</p> <p>Outcome indicators also reflect changes in the global enabling environment, for example, through the development of policy frameworks, international norms and standards.</p> <p>Changes in Outcome indicators are the result of policies and programmes implemented by several stakeholders (FAO, Member countries, Regional Economic</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>Communities, and development partners). Those changes or any progress reported cannot be attributed to FAO's work alone. In fact, FAO uses "Corporate Assessments" which are validated by its Members, to measure its contribution to Outcomes.</p> <p>Furthermore, there are other factors that undermine the efforts of FAO, Members, and partners to reduce the absolute number of people suffering from hunger, despite the welcome changes in policy processes that have been achieved. Over the years, the main causes of the increasing number of food-insecure people in Africa are a combination of unstable food markets and commodity prices, economic slowdowns and downturns, climate shocks (variability and extremes), natural disasters (severe droughts and floods), persistent political instability, conflicts and other forms of violence. These are reported in various editions of the Regional Overview of Food Security and Nutrition (2018, 2019, and 2020).</p>	
31.	The Organization may strengthen the process of consolidated stock-taking/assessment of its projects, relating to hunger eradication efforts, which have been in operation in the focus countries, during the period 2014 to 2020, in order to identify gaps and define priorities in this regard, for the	2022	RAF	<p>Management recommends closure of this recommendation based on response below</p> <p>FAO achievements are usually not reported by project at the corporate level. Management would suggest that a more useful analysis would be to review the countries that reported results (that were validated) and counted as part of the progress towards reaching the SO1 Output targets in the 2014-15, 2016-17 and 2018-19 biennia, and then for each country, review the number of projects linked to</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	remaining period of this Regional Initiative, as well as for assessing the impact and outcome of these projects. (Paragraph 208)			SO1 and their budgets and expenditures during that period.	
Project Planning, Monitoring and Evaluation					
34.	FAO may review the list of Special Attention Countries for taking up TCPs, and direct resource mobilization efforts for taking up greater number of Trust Fund projects in disadvantaged countries. (Paragraph 273)	2023	DDG-Bechdol/PSS/PSR	<p>For TCP the recommendation has been implemented with a new set of criteria approved by the 166th session of the Council guiding resource allocation decisions. These criteria assess the needs of countries in terms of prevalence of undernourishment, poverty, inequality, vulnerability to climate change and degradation of biodiversity, while underlining universality and special attention to Least Developed Countries (LDCs) and Small Island Developing States (SIDS) in accessing FAO services</p> <p>FAO continues to give priority to the UN categories of Special Attention Countries for TF. This has been confirmed in the new SF with special attention accorded to LDCs, Low-Income Food-Deficit Countries (LIFDC), Land-Locked Developing Countries (LLDCs) and SIDS, and also to Lower Middle-Income countries with high incidence of poverty and food insecurity. These countries are trackable in corporate systems, and consideration will be given to include specific Integrated Management Information System (iMIS) views related to results,</p>	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				<p>achieved with FAO contributions, resources mobilized and delivery.</p> <p>It is the Strategic Framework that will drive the formulation of trust funds and Special Attention Countries are well identified. This is also embedded in FAO's way of working and cannot be implemented through the project cycle manual, which focuses on processes rather than substance. Trust Funds (TFs) are largely driven by donor priorities.</p>	
35.	<p>FAO may monitor the formulation of Country Programming Framework (CPF) where the CPFs have either not been formulated or have expired. It may also be ensured that CPFs are evaluated with reference to the priorities envisaged by the respective countries. (Paragraph 277)</p>	As part of ongoing work	OSP	<p>The tools for monitoring the status of CPFs are being strengthened. OSP has in place a dataset and a dashboard of the CPF cycle and its formulation progress along with UN Sustainable Development Cooperation Framework (UNSDCF) since the CPF must be duly derived from UNSDCF process. This dataset is being updated on a monthly basis based on the UN Development Coordination Office (DCO) dashboard and inputs from CPF focal points from Regional Offices.</p> <p>Regarding CPF evaluations, as per the "Indicative rolling workplan of evaluations 2021-2023", the Organization continues conducting evaluations of FAO's contributions at national level for the Organization's accountability to the country and for advising the Organization and the country in the formulation of CPFs and their implementation.</p> <p>The plan for country evaluations is developed in consultation with the Regional and Country Offices. In</p>	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				principle, countries in the penultimate year of CPF implementation are selected. Other factors considered during the consultations include: the strategic importance of the programme in the view of the Regional Office, country programmes that are under-evaluated; programmes in the countries with high needs of FAO support; and the usefulness of evaluation as an input to the development of a new strategic direction for the programme, such as in countries with new government administration or countries developing the system-wide UNSDCF.	
36.	FAO may strengthen the FPMIS tool "Field Programme Support Network (FPSN) pipeline monitoring" to ensure yearly monitoring and review of pipeline projects and improve guidance on pipeline management by requesting project formulators and Budget Holders to review and update pipeline projects status in regular intervals for ensuring that these projects are still under active formulation. (Paragraph 281)	As part of ongoing work	PSS	In Phase 1 of the Guide to the Project Cycle, specific guidance has been included to remind Project formulators to review the status of the projects in pipeline in FPMIS every 6 months (or more often if required) and cancel any entity (draft concept note or active pipeline) that is not expected to move to the next stage of formulation. Formulators can refer to the FPMIS tool "Field Programme Support Network (FPSN) pipeline monitoring" to carry out this task.	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
37.	(a) The new Project Lifecycle Management System (PROMYS) that is targeted to be rolled out by end 2022, has the functionality for uploading Log Frame Matrix (LFM) and Work Plans (b) The LFM and Work Plans may be redesigned to make them user friendly without compromising on the information/content required for efficient project monitoring. (c) Insertion of LFM and Work Plan in the ERP should be made mandatory for projects above USD 500 000 to enhance accountability and improve monitoring. (Paragraph 285)	2023	OSP/PSS	These recommendations will be considered in the context of the design and implementation of the new PROMYS system.	Under implementation
38.	(a) Corporate monitoring of performance of the BHs be strengthened for ensuring that project deliveries are within the approved/revised budget and cash received and there is timely adjustment of unspent cash balances; and (b) Validation checks should be embedded in the ERP to	2023	PSS/CSF	These recommendations will be considered in the context of the design and implementation of the new PROMYS system.	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	disallow project deliveries to exceed the budget and cash received (with exceptions for cases that are governed by specific funding arrangements as in cases of United States Agency for International Development (USAID) and European Union (EU) funded projects). (Paragraph 289)				
39.	FAO may (a) incorporate a validation check in ERP whereby Funding Liaison Officers (FLOs) would be required to certify on the system that reallocations are as per funding agreement and has the approval of donors. (b) Establish a threshold beyond which reallocations between budget lines would require corporate monitoring and approval. (Paragraph 295)	2023	PSS/PSR	<p>(a) In the current FAO system (FPMIS) only the project Funding Liaison Officer (FLO) has the authority to approve budget revision and checks the validity of the reallocations to ensure consistency with the funding agreement and that they are approved by donors. Further enhancements are expected in the new ERP system.</p> <p>(b) Discussions are ongoing on the effectiveness of establishing additional corporate oversight for budget reallocations based on an amount threshold. Current corporate monitoring efforts give priority to ensuring the substantive and effective delivery of results for achieving FAO's Strategic Framework and the SDGs, applying a results-based management approach.</p>	Under implementation
40.	To enhance the effectiveness of FPSN monitoring and ensure timely remedial action from an operational perspective: (a) The upcoming	2023	OSP/PSS/CSF	<p>Implemented pending EAUD validation</p> <p>(a) The FPSN tool flags projects in low delivery when "Half or more of the project duration has elapsed and the</p>	Pending validation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	<p>ERP may have the provision to link delivery/expenditure with budget instead of with cash received, for correctly flagging low delivery projects.</p> <p>(b) The stipulation of the project remaining in the defined condition for 30 days may also be reviewed.</p> <p>(c) All projects, excluding those for which last tranche of fund is to be received after its completion, may be flagged for priority action as soon as expenditure exceeds 80 percent of cash received. (Paragraph 299)</p>			<p>project has delivered less than 20 percent compared to both cash and budget”.</p> <p>(b) Projects are flagged as being in conditions at three different moments/levels: i) to the Budget Holder and the Project Task Force as soon as the project enters in condition, ii) they are escalated to the second level management after remaining 30 days in condition, iii) and they are escalated to senior management after 60 days in condition. In addition, there is a risk-based classification for what typologies of conditions represent low, moderate or high risk for the Organization. These differentiations enhance efficient review of projects and allow the focused attention of management based on risks.</p> <p>(c) FPSN tool flags projects as in need of call for funds when “the project has delivered 30 percent or more of its cash” and in addition, there is another condition for urgent call for funds when “a project has overspent with respect to cash or the project cash is less than its budget”. This last condition has a risk classification considering appropriate exclusions.</p>	
41.	<p>FAO may consider evolving an enhanced monitoring mechanism to reduce the time lag between the approval date and the actual commencement of projects. (Paragraph 302)</p>	2023	PSS	<p>FAO will consider an enhanced monitoring mechanism in the new PROMYS system.</p> <p>The issue of time lag between approval and start of implementation often depends on factors that are outside FAO’s control (for example, the signature of project agreements by recipient governments). PSS, in collaboration with relevant Units (LEG, DDCB, OER), is</p>	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				assessing the factors under FAO's control that most contribute to this time lag, to streamline procedures while ensuring compliance with the rules and policies of the Organization.	
42.	Appropriate risk-analysis regarding project implementation be undertaken and specialized trainings on Project Cycle to field personnel be imparted for improving coordination with host governments and donors. (Paragraph 307)	2022	PSS	PSS provides training on project cycle management on a regular basis. In June 2022 PSS completed the updating of the e-learning on Project Budget Holders, and in August 2022 the updating of the Project Cycle Fundamentals course in four modules [Identification, Formulation, Appraisal and Approval, Implementation & Monitoring, Evaluation and Closure]. Both are available to all FAO staff through you@fao.	Implemented
43.	FAO may ensure that a robust module for monitoring achievement of milestones vis-à-vis targets be incorporated in PROMYS for facilitating corporate monitoring of project implementation. (Paragraph 309)	2023	OSP/PSS	This recommendation will be considered in the context of the design and implementation of the new PROMYS system.	Under implementation
44.	(a) An active monitoring framework may be established at corporate level to ensure timely operational and financial closure of projects.	2023	OSP/PSS/ CSF	These recommendations will be considered in the context of the design and implementation of the new PROMYS system. Regarding b) PSS now maintains a database concerning projects' related FPSN conditions, and comments from BHs on issues faced and potential steps toward resolution.	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	<p>(b) The main reasons for delays be regularly analysed and reported.</p> <p>(c) It may be ensured that PROMYS has adequate MIS features for facilitating periodic review of project closure by focal points in Headquarters and by senior management. (Paragraph 313)</p>			This information is analyzed and shared in periodic reports with BHs and Senior Management.	
45.	<p>FAO may:</p> <p>(a) Strengthen corporate monitoring of submission of Progress Reports to ensure that projects are progressing as envisaged.</p> <p>(b) Ensure uploading of progress reports in the new ERP, PROMYS be made mandatory.</p> <p>(c) Incorporate MIS feature in PROMYS for generating periodic reports on status of submission of progress reports by Budget Holders.</p>	2023	PSS/OSP	<p>These recommendations will be considered in the context of the design and implementation of the new PROMYS system.</p> <p>The FPMIS module already includes a “reports” tab for the uploading of progress and terminal reports in the system.</p>	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	A framework of monitoring by Corporate Management may be instituted for carrying out periodic review of progress of projects. (Paragraph 316)				
46.	The due date of submission of terminal reports as per funding agreements should mandatorily be entered on the ERP for each project and should form part of basic information required to be entered prior to commencement of project activities. There should be active monitoring of submission of terminal reports as stipulated in the extant instructions related to project closure. (Paragraph 319)	2023	PSS/PSR	This recommendation will be considered in the context of the design and implementation of the new PROMYS system.	Under implementation
MERITS ATTENTION					
Compliance Audit at FAO Headquarters					
Governance Issues					
15.	FAO may continue to review the pending accepted actions on recommendations periodically at an appropriate	As part of ongoing work	OIG/DDCT	Between January 2021 and August 2022, nearly 50 percent of the 480 Agreed Actions outstanding as of December 2020 were closed and most of the remaining AAs are scheduled to be implemented by end 2022.	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	<p>level and implement these in a time bound manner. (Paragraph 123)</p>			<p>Further attention is being placed on ensuring the timely implementation of the Agreed Actions issued.</p> <p>Measures in place include:</p> <p>Periodic follow-ups at Senior Management level (Senior Leadership Team, and ADGs/RRs) and with focal points in all locations to alert to status and trigger action.</p> <p>Dedicated attention to long-outstanding recommendations ensuring issues be addressed in a holistic, sustainable way and integrated into ongoing processes/ business improvement initiatives.</p> <p>Dedicated Regional Office attention to ensure support to Country Offices in implementing Agreed Actions and promote, in collaboration with business owners, exchange of good practices with other regions, adoption of solutions addressing detected systemic control weaknesses (e.g. through an interregional network of Internal Control and Compliance focal points); specific guidance on support arrangements (September 2022).</p> <p>Further improvements of systems/tools for improved managerial oversight: (i) use of system triggers to systematically alert action owners to due dates/reporting requirements; (ii) upgrades of the dashboard (by source, business processes, locations) to facilitate oversight; creation of specific reports for easier follow-up in areas requiring attention (such as those longer outstanding/high risk or priority).</p>	

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Procurement					
18.	A system of quarterly review of annual procurement plans be introduced in field offices to facilitate evaluation of progress of procurement against planned milestones. Procurement plans may be updated to ensure that it remains a live document reflecting changing procurement requirements. Project teams may be alerted on the importance of timely submission of procurement plans. (Paragraph 134)	2022	CSLP	A new functionality has been added in the Procurement Planning platform to allow Decentralized Offices to monitor and evaluate progress of the procurement activity against planned milestone.	Implemented
22.	Services received may also be updated in GRMS immediately on receipt of certification from contract manager and prior to release of payment for ensuring that end-to-end position of procurement action in respect of services is reflected in the system. (Paragraph 140)	2022	CSLP	The decision to have a two-way match for services was made at the time of the original implementation of GRMS based on a cost-benefit analysis. Changing the system at this point in time may not be cost-effective or feasible and will be considered as part of the future ERP transformation project.	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
23.	Where acquisitions are not required to have Purchase Requisition (PR) numbers, the field of PR number may be populated with information like "Not applicable", "Not required", etc. instead of leaving it unpopulated, to provide an assurance that the prescribed workflow has been complied with. (Paragraph 141)	2022	CSLP	Implemented pending EAUD validation After exploring various system possibilities to address this, CSLP has concluded that the most cost-effective way to proceed is through post factum monitoring of POs without PRs. The mandatory issuance of PRs, with the exception of low value orders, as the starting point of any procurement process was reiterated through CSLP Procurement Bulletins and sharing of the overall PR/PO ratio. Subsequently, an individual report providing this ratio per country was developed and included in the list of reports that Decentralized Offices can use to support monitoring. Since 2020, the overall ratio of PO/PR has increased by 34 percent.	Pending validation
24.	Security instruments may be consistently obtained from vendors and documented in high value procurements to secure the interests of the organization. (Paragraph 143)	2022	CSLP	MS502 provides guidance on the use of performance securities in Appendix K. It was agreed previously that performance securities will be obtained when deemed appropriate and that it is ultimately up to the buyer, in consultation with the requester, to decide on the level of risk and the way to mitigate it.	Implemented
Internal Control Measures					
27.	The established policy on settlement of advances and the eventual recovery after default must be followed stringently and periodic monitoring of travel and other prepayments	May 2022	CSLC	The Organization has a robust recovery mechanism in place. GRMS sends TEC reminders via email one week after the mission end date and they are sent every 10 days thereafter, until the TEC has reached the SSC Travel Unit. If a TEC is not submitted after 90 days the advance is recovered from the SM/CST salary/honorarium.	Implemented

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	may be carried out. (Paragraph 161)			The recovery process involves very close co-operation with the SSC Payroll Team on the monitoring of outstanding advances. A monthly recovery list is prepared and sent by the Payroll Team for both staff members and NSHR, and following verification of the list by the Travel Team, the finalized document is sent back to Payroll to take action on the recoveries.	
Management Matters					
Regional Initiative to End Hunger in Africa by 2025					
32.	The Organization may consider the feasibility of creating a dedicated functionality/link, within any of its existing ERP systems, for monitoring, evaluation and reporting of programmes and projects, related to the 'Regional Initiative to End Hunger in Africa by 2025', to enable access to consolidated and ready information in regard to the Regional Initiative (RI) to various internal stakeholders. (Paragraph 213)	2022	RAF	Management recommends closure of this recommendation based on response below Given the overlap of RI1 and SO1, the recommended approach would be to treat RI1 as an integrated component of SO1, for which functionality is available in the existing ERP systems, that enables access to consolidated and readily available information.	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Project Planning, Monitoring and Evaluation					
48.	The provision for reporting status of implementation of the actions to be taken in response to OED's observations and recommendations may be incorporated in PROMYS. Corporate monitoring of follow-up action on recommendations/issues highlighted in evaluation reports may be strengthened. (Paragraph 327)	2023	OSP	The recommendations will be taken into consideration when defining user requirements for PROMYS.	Under implementation

Long Form Report 2019

	Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
FUNDAMENTAL					
Financial Matters					
Shared Service Centre					
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	<p>Implemented pending EAUD validation</p> <p>The FAO Handbook has been updated to reflect the requirement that staff members need to submit a notarized or sworn statement from dependents indicating monies received from the staff member (money orders, wire transfer receipts or records of bank transactions may be accepted in lieu) equal to at least twice the amount of the allowance. CSLC developed a template for the notarized / sworn statement to help staff members comply with this requirement</p>	Pending validation
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)	2023	PSR/OSP	<p>The 42nd Session of the FAO Conference adopted the Strategic Framework 2022-31 that guides the Organization's work starting with the next 4-year MTP 2022-25, including the elaboration of 20 corporate Programme Priority Areas (PPAs) under the four betters. The development of revised resource mobilization (RM) guidelines aligned with the SF is being considered as an essential component of its implementation.</p> <p>Extensive work for the development of the new Resource Mobilization Action Plan (ReMAP) is already underway led</p>	Under implementation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			by PSR and OSP. A comprehensive FAO-wide survey has been completed and 4 out of 5 regional consultation meetings also completed. Timeline for the finalization of ReMAP is end of 2023.	
<p>14. Enhance its resource mobilization strategy management system to achieve better synergy and coordination by:</p> <p>a) preparing its RM corporate workplan that includes the key activities to be delivered based on the planned outputs and updated corporate strategies for clearer accountabilities; and</p> <p>b) coordinating more closely with Decentralized Offices to ensure that resource mobilization strategies and workplans are prepared and delivered by the Offices within the framework of corporate strategies and workplans, for more effective uptake of results information thereby eliminating accountability gaps. (Paragraph 119)</p>	2023	PSR	<p>Agreed with actions as follows:</p> <p>a) A new corporate RM guideline will include an overarching 4-year workplan, 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.</p> <p>Roles and responsibilities will be reviewed organization-wide in line with the RM guidelines and a strengthened coordination mechanism/task force and support network will be 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.</p> <p>b) In full support of the UN reform process, the new RM guidelines will aim to strengthen resource mobilization at the decentralized level, and importantly as part of the UNCT and in support of the UNSDCF. Clear corporate programme priorities and a means to coordinate and communicate a clear portfolio of programme products should aid all Country Offices in their outreach and resource mobilization.</p>	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				Formalizing a corporate RM Coordination Mechanism/Task Force (including the regions), will help to govern key RM priorities, in line with the Programme Priority Areas of the recently adopted Strategic Framework, 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.	
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	<p>A first draft of the policy has been developed.</p> <p>Consultations are currently taking place with stakeholders in headquarters as well as Regional, Subregional, and Country Offices, and are scheduled to end before Spring 2023. These include in-person consultations across regions.</p> <p>The policy is scheduled to be presented to the Governing Bodies in 2024.</p>	Under implementation
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	The first draft of the new Evaluation Policy includes provisions on the appointment and termination of the OED Director position, with proposed process safeguards to strengthen independence of the function. Consultation is ongoing.	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
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	<p>This work is ongoing and informing the revised Evaluation Policy.</p> <p>As of 7 July 2022, hiring authority has been delegated by ODG to the Director of Evaluation to match the authority of the OIG Director.</p>	Under implementation
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	<p>This work is ongoing and, with the recent arrival of a new Director of OED, the interim evaluation strategy (document PC 135/3) was developed and presented to the 135th session of FAO Programme Committee in March 2023. The PC Members recommended the FAO Council to endorse the Strategy of the Office of Evaluation.</p>	Under implementation
27.	Develop a biennial strategic plan by: a) providing clearer and more detailed information on planned	2021	OED	<p>This work is ongoing and, with the recent arrival of a new Director of OED, the development of the biennial strategic</p>	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	<p>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</p> <p>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)</p>			plan underpinning the implementation of the Interim Evaluation strategy will be completed by the end of 2023.	
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	OSP	A comprehensive Risk Management policy framework has been drafted, encapsulating all key elements and related policies to allow a more integrated approach to fraud risk vulnerabilities management within the overall risk management framework. This work is undertaken in collaboration with key stakeholders, including OIG, CSH, LEG, Ethics Office and other relevant units.	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Control environment in Decentralized Offices					
42.	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	OSP/DDCT/ CSH	In addition to mandatory training, several awareness raising actions have been taken to ensure unit managers and staff are well aware of their role in preventing and detecting fraud. Further awareness raising activities are included in the consolidated ERM Action Plan, under finalization, which also covers fraud risks.	Implemented
SIGNIFICANT					
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-	March 2023	CSLC	Automation of operational advances and overtime is included in the ERP ⁴ Programme of Work and will be concluded in the timeframe of the project. A solution will be developed and implemented in the invoices area to automate some of the processes, decrease the manual work and ensure a more efficient processing of transactions.	Under implementation

⁴ Enterprise resource planning

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
	effective processing of invoices. (Paragraph 72)			Rollout of the Payment Request Form Solution will allow to auto-generation of all manual invoices below the 1 500 USD threshold. The implementation of Single Sign-On (SSO) is a prerequisite for the payment request automation and is scheduled for Q4 2023.	
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)	March 2023	CSLC	<p>(a) An analysis will be performed to determine if operational advances should be implemented in GRMS (the current technology) or in the context of the ERP Transformation Project.</p> <p>(b) Danger Pay automation has been combined with the implementation of Dangerous Duty Station Supplement (DDSS) in Q4 2023.</p> <p>(c) Overtime automation will be considered within the context of the ERP Transformational activities.</p>	Under implementation
Governance Matters					
Review of resource mobilization function					
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)	2023	PSR	<p>The new Corporate Resource Mobilization guidelines should present a Resource Mobilization Internal Accountability Framework, clearly stating RM roles and responsibilities at Country, Regional and headquarters levels.</p> <p>As stated in the response to recommendation 14 above, Roles and responsibilities will be reviewed organization-wide in line with the RM guidelines and a strengthened coordination mechanism and support network explored to ease information flow, make known key opportunities and provide</p>	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
				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)	2023	PSR	<p>Based on the interim RM guidelines and any resulting structural adjustments required, a review of staffing roles and responsibilities and work processes will be considered to fine-tune the effectiveness of the Division. This exercise will be built upon as the new corporate RM guidelines are designed.</p> <p>PSR relies on limited regular programme funding, which has remained largely constant for a decade, despite a doubling of both workload and resources mobilized. New RM guidelines will need to realistically consider the resources needed for its 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.).</p>	Under implementation
Fraud risk management					
33.	<p>Ensure to:</p> <p>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</p>	2023	CSH	<p>Implemented pending EAUD validation</p> <p>a) An annual affirmation form for online submission developed following the full review of the annual disclosure programme completed in February 2022.</p> <p>b) CSH has implemented various measures to widen the scope of reference checks for prospective staff members and thorough background checks are carried out before on-boarding any individual as a staff member, all levels and</p>	Pending validation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
<p>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)</p>			<p>categories (G, NO and P), all funding sources and locations globally.</p> <p>Background checks include clearances against the joint UN system Sexual exploitation and Abuse (SEA)/ Sexual Harassment (SH) database, Interpol Red Notices and the Security Council sanctions list. In addition, qualitative references checks are requested from previous supervisors on the candidate's experience, behavioural skills, judgement, and questions on ethics.</p> <p>To create efficiencies, 'One HR', the United Nations Global Centre for Human Resources Services in Bonn, now handles the background and reference checks for external Professional candidates, as well as records verification, which includes academic records.</p>	
<p>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)</p>	2021	OSP	<p>Implemented pending EAUD validation</p> <p>A consolidated ERM action plan has been prepared.</p>	Pending validation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
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 maneuverability and to increase its chance for success. (Paragraph 271)	2021	OSP	FAO is proceeding stepwise along the axis of the maturity model towards greater ERM maturity rather than using a big bang approach as its overall implementation strategy.	Implemented

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	Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
FUNDAMENTAL					
Financial Matters					
Employee Benefits Obligations (EBO)					
7.	Set up specific funding and cost reduction (containment) arrangements within a determined period to address its end-of-service liabilities within the guidance provided by the FAO Governing Bodies. (Paragraph 69)	2019	CSF/CSH	Management continues to draw the attention of the Governing Bodies to this matter, including regularly presenting documents providing updated information on the size of the liabilities, options to address the funding shortfalls, ongoing discussions within the United Nations system on this matter and activities aimed at containing the costs of the current medical insurance plan. The latest update on this matter was presented to the Finance Committee at its 195th Session in March 2023.	Implemented
SIGNIFICANT					
Financial Matters					
Shared Services Centre (SSC)					
11.	Fast track the negotiation and procurement of a structured tool for SSC to ensure that cases/requests for processing are properly managed, accurately tracked and monitored resulting in effective and efficient operations, reporting and	2019-2020	CSLC	Implemented pending EAUD validation The platform is now live with two modules: Service Management for SSC-CSLC and Incident Management for CSI and CSLI.	Pending validation

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
compliance to better support FAO. (Paragraph 87)				
12 Craft a mechanism to prepare a periodic Report on Compliance with policies and procedures of service requests coming from FAO Offices which should be regularly communicated to them, and publish such report in the SSC dedicated website or dashboard primarily to serve as valuable information that will assist FAO Offices and the SSC in proactively addressing the communicated opportunities in improving compliance of service requests and help in achieving efficient and effective process results. (Paragraph 91)	March 2023	CSLC	<p>Implemented pending EAUD validation</p> <p>The Shared Services Centre (SSC) plays a significant role in maintaining quality assurance through its growing Quality Management System (QMS) under ISO 9001:2015. It now has 24 processes in the QMS, with 18 certified and 6 in progress, aiming to cover all SSC processes. ISO 9001 involves key actions like defining the Quality Policy, assessing risks, documenting processes, monitoring KPIs, conducting audits, and tracking customer satisfaction.</p> <p>The SSC provides monthly Quality KPI compliance reports, customer satisfaction monitoring, and handles complaints. Its annual Management Review Report covers risks, resources, non-compliance, audits, and more, shared with SSC management.</p>	Pending validation
13. Utilize the Report on Compliance by SSC, to include error rate or non-compliance rate indicators when evaluating the performance of the Responsible Officer/Staff causing the non-compliance to further enhance accountability and effective delivery of their responsibilities. (Paragraph 92)	December 2022	CSLC	<p>SSC will be able to provide reports on the customer satisfaction and the compliance with established SLAs, for the services provided both by the SSC and other services/divisions (CSI and CSLI) embarking onto ServiceNow from the legacy systems (email requests, and ServiceDesk tool).</p> <p>This recommendation is expected to be completed with the rollout of ServiceNow.</p>	Implemented

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
Governance				
Corporate Human Resource (HR) Management				
22. Workforce planning Ensure that the workforce planning exercise takes into consideration the staff feedbacks and the established timeframe for delivery; and supported by a good analysis framework to attain the value intended and promote operational efficiency. (Paragraph 137)	2024-2025	CSH	Workforce planning, ensuring the right skills are in place to deliver on FAO's mandate has been an integral part of the OSP led PWB strategic planning cycle, where budgets and positions are allocated in line with the evolving needs of the Organization, to ensure delivery of results. Workforce planning will be addressed through the new ERP transformation exercise. It is foreseen to have a fully integrated process covering all contract modalities and funding globally, to be implemented by the end of 2025.	Under implementation
24. Recruitment policies Strengthen its existing recruitment and selection policies, design effective processes and mechanisms and ensure that clear efficiency parameters are included in the development of its recruitment process Key Performance Indicators to accurately measure performance of related activities by process owners and enable better performance monitoring of the whole recruitment and selection process. (Paragraph 147)	2023	CSH	This will be covered by the implementation of new recruitment guidelines, in the final stages of review. The guidelines will supply a robust platform for transparent and effective recruitment while streamlining and clarifying the process to support quicker and more effective use of resources.	Under implementation

Recommendation		Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
26.	<p>Hiring of consultants</p> <p>Reinforce its policy on the hiring and renewal of consultants/PSA subscribers with the inclusion of clear provisions on the grant of exceptions on the required contract breaks to better establish authority, clarify accountabilities and eliminate discretions. (Paragraph 155)</p>	2023	CSH	<p>The revised Guidelines for employment of the Affiliate Workforce (NSHR) are in the final rounds of review. Once finalized they will be accompanied by specific delegations on authority for decisions, including on contract breaks, which will be included in MS 119 Appendix D with the other HR-related delegations of authority.</p>	Under implementation

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Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment	
Financial Matters					
SIGNIFICANT					
Voluntary contributions					
2.	Review the provisions and initiate actions for write-off, where appropriate, considering the procedures set out in FAO Financial Rule 202.611 on project deficits and Rule 202.10.7.1 on authority to write-off bad debts. (Paragraph 43)	2018	CSF	<p>A detailed request for the write-off of project deficits has been prepared and is now going through the process of review in accordance with the procedures set out in Financial Rule 202.10.7.1.</p> <p>The write-off process is planned to be completed before end 2023.</p>	Under implementation
Operations of Representation Offices					
Asset and inventory management					
27.	Ensure that activities, processes and responsibilities relating to asset and inventory are properly observed and undertaken through enhanced monitoring mechanisms to adequately safeguard and effectively utilize its resources. (Paragraph 161)	2023	CSF/SSC	<p>Administrative policy MS 503 on Asset management was revised in 2019. It clarifies roles and responsibilities and prescribes ex-ante validation of asset transactions. Subsequently all "How to" guides and internal procedures in FAO's Handbook were updated. In addition, the SSC conducted training sessions globally for country asset Focal Points during 2018- 2021 with more than 500 users trained. The asset certification training material is available at the you@fao portal.</p> <p>The project on Inventory has progressed and the system solution is being tested in pilot countries before go-live.</p>	Implemented

Recommendation	Suggested Timeline	Responsible Unit	Management Response	External Auditor's Comment
			In anticipation of the roll-out of the system solution interim measures have been implemented to ensure oversight of country operation through reinforced, repeated messages to Country Offices regarding year-end stock-take and reporting of loss, theft or damage.	