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# FINANCE COMMITTEE

**Hundred and Eighty-fifth Session**

**22 - 26 March 2021**

**2020 Annual Report of the Inspector General**

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

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## EXECUTIVE SUMMARY

- This Annual Report provides an overview of the activities of the Office of the Inspector General (OIG) during the period 1 January to 31 December 2020. It is submitted to the Director-General and to the Finance Committee in accordance with paragraph 57 of the OIG Charter.
- The new Inspector General took up his functions in September 2020. The appointment was made on the advice of the Oversight Advisory Committee and after consultation with the Finance Committee. The Inspector General's tenure will be a non-renewable term of seven years, without the possibility of employment within FAO at the end of the term.
- The new OIG Charter, in effect since March 2020, has been fully operationalized. It has served OIG well in ensuring the independence of the Inspector General. The Inspector General is able to confirm that OIG has not been exposed to any interference in its audit or investigation work and has enjoyed full support and cooperation from management.
- As all field missions were postponed after March 2020 due to the COVID-19 pandemic, OIG focused on audits and investigations which could be conducted remotely, and made continuous efforts to enhance its remote assessment tools and methodology.
- OIG completed 23 audit assignments in 2020, while audit work on 17 assignments was in progress as of 31 December 2020. Since April 2020, in line with the revised OIG Charter, the executive summaries of all audit reports have been publicly disclosed on the OIG website. Three audit reports were made available to three Member States and one institutional resource partner at their request.
- As at 31 December 2020, there were 480 outstanding agreed actions, a 27 percent increase over 2019. This increase is due to a low implementation rate during the year, which OIG associates with management having other priorities in its response to the COVID-19 pandemic.
- During the reporting period, OIG received 170 complaints of misconduct, a 40 percent increase over 2019. OIG closed 163 matters, resulting in an open caseload of 127 matters at year-end, a further 6 percent increase. In 27 of the 30 cases closed after full investigation (90 percent), the investigation substantiated misconduct by FAO personnel or sanctionable actions by FAO vendors.
- As a result of the global COVID-19 pandemic, savings were generated by the cancellation of missions and some staff vacancies. OIG was therefore less constrained by funding challenges than in previous years, and the year ended with a budget surplus, which OIG has been authorized to carry over to 2021. Coupled with an additional allocation of non-staff resources approved by the Director-General for 2021, this will allow OIG inter alia to engage investigation consultants to help deal with its growing investigations caseload.

## DIRECTOR-GENERAL'S COMMENTS

- *The Director-General expresses his full support for the work of OIG and his commitment to ensure that OIG has the independence and resources to conduct its activities effectively. The Director-General and his management appreciate the value that OIG adds to the Organization: the Office does not only play an important role in strengthening internal control and governance processes, risk management, ethical conduct and integrity, accountability and transparency in FAO, but also acts as an agent of change in contributing to organizational innovation and transformation. The Director-General further reaffirms management's commitment to take prompt and consistent action on investigation reports substantiating misconduct by FAO personnel or sanctionable actions by FAO vendors and to accelerate the implementation of the long outstanding audit recommendations.*

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to take note of the Inspector General's 2020 Annual Report.

Draft Advice

- **The Finance Committee:**
  - **appreciated the completeness and quality of the report, which provided a comprehensive and informative overview on the various activities of the Office of the Inspector General during 2020;**
  - **was re-assured by the Inspector General's confirmation that OIG had enjoyed full cooperation from Management and had not been exposed to any interference in its audit and investigation work;**
  - **noted with satisfaction that the new OIG Charter had served well in ensuring the independence of the Inspector General;**
  - **welcomed the Director-General's support for the work of the Office of the Inspector General, including ensuring that resources are prioritized within the existing net appropriation to enable full implementation of the Office's workplan.**

**Office of the Inspector General**

**Annual Report 2020**

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**ANNEX A: List of acronyms**

## Inspector General's Foreword

I am pleased to submit to the Director-General, the Oversight Advisory Committee and the Finance Committee, the Annual Report of the Office of the Inspector General (OIG) for the year 2020.

This is the first Annual Report during my tenure as Inspector General. I joined FAO on 7 September 2020, after having taken over the position from Mr Egbert C. Kaltenbach, who served as Inspector General ad interim for almost a year from August 2019 to July 2020. I would like to thank Mr Kaltenbach for providing extensive briefings before I started my new function and for having left behind a well-functioning OIG.

My intention is to provide stability and continuity in OIG which are required after the frequent changes in the Office's leadership over the last couple of years. However, I agree with the comment made by my predecessor in his Foreword to the 2019 OIG Annual Report that the absence of a D1 position in OIG (which previously existed but was abolished in 2013 as a result of general cost-saving measures) can leave OIG, and the Organization as a whole, in a challenging situation. Therefore, I plan to discuss with the Director-General the possibility of creating, in the next three to four years, a Deputy Inspector General's position, so that, among other operational advantages of having such a position, the risks of a lack of continuity during any unexpected and prolonged period of absence of the Inspector General or a long gap between the outgoing and incoming Inspector General can be mitigated.

Despite the ongoing pandemic which has made it difficult for me to physically meet FAO management and OIG staff, I have felt welcomed by everyone at FAO. Facilitated by online technology and virtual meetings, I have also been able to make strides to get to know the Organization better. During my first five months in office, I have received strong support from the Director-General, his core leadership team and other members of management. I am also pleased to confirm that OIG's activities have been free from interference.

In terms of OIG resources, following the establishment of an additional Investigator position at P4 level in 2020, and with the support of the Director-General, additional funds have been made available for engaging investigation consultants to help address the ever-increasing number of incoming complaints of misconduct and sanctionable actions. In addition, the long-standing structural budget imbalance has been resolved at least for the 2020-2021 biennium. Discussions on the OIG budget for the upcoming 2022–2023 biennium have also been positive and reassuring.

It is a very exciting and interesting time for me to join the Organization. FAO is undergoing one of the biggest reforms and organizational transformations in its history. The Director-General has been clear and consistent with his intentions to create a more efficient, innovative, inclusive, ethical, transparent and accountable Organization, and these are all attributes that OIG is keen to contribute to through its work, whether audit, investigation or advisory services. To be able to do so effectively, and to remain agile and relevant, OIG will continue to innovate in its own work methods and practices. Technological development and the power of data will also transform our work. Continuous professional development of OIG personnel will be a priority for me. But first and foremost, OIG will need to continue to be credible, consistent, impartial, fair and objective, or, in brief, trusted. By all its stakeholders.

Mika Tapio

Inspector General

## **I. Introduction**

1. This Annual Report is submitted to the Director-General and to the Finance Committee in accordance with paragraph 57 of the Charter of the Office of the Inspector General (OIG), dated March 2020 and officially approved by the Finance Committee in June 2020. It provides information inter alia on: significant audit findings and systemic weaknesses identified by OIG audits and investigations; the action taken by management to implement OIG recommendations; disclosure of OIG audit reports; cases investigated by OIG, their status and final disposition, including a summary of findings and the disciplinary or administrative action taken by the Organization; the OIG quality assurance and improvement programme; and OIG resources.

## **II. Mandate and mission**

2. According to its Charter, OIG provides oversight of FAO's programmes and operations through internal audit and investigation. OIG is responsible for evaluating and contributing to the improvement of the Organization's governance, risk management and control processes. OIG provides the Director-General and the functions and programmes audited with independent, objective assurance and consulting services designed to add value and improve FAO operations. OIG is also responsible for investigating allegations of misconduct involving FAO personnel and allegations of sanctionable actions involving third parties.

3. In its audits, OIG follows the International Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors. In its investigations, OIG follows the Uniform Principles and Guidelines for Investigations, adopted by the Conference of International Investigators, and the FAO Guidelines for Internal Administrative Investigations by the Office of the Inspector General ("the Investigation Guidelines").

## **III. Statement of independence**

4. According to the OIG Charter, the Inspector General shall confirm to the Finance Committee, at least annually, the organizational independence of OIG.

5. During the reporting period, the organizational independence of OIG was ensured through the Inspector General's direct reporting line to the Director-General and through the Inspector General's access to the Oversight Advisory Committee (OAC) and the Finance Committee. In addition, OIG's audit and investigation activities were free from interference and there were no circumstances of impairment to its independence. OIG received full support and cooperation from management in the conduct of its work.

6. According to the OIG Charter, the Inspector General shall have managerial responsibility and control over OIG's human and financial resources, in conformity with FAO's regulations, rules and policies. The Inspector General shall select and maintain a cadre of audit and investigation personnel with sufficient knowledge, skills and experience to meet the requirements of its Charter. Since 1 January 2020, the Inspector General has delegated authority for the engagement of Consultants and Personal Services Agreement Subscribers. For the appointment of Professional and General Service level staff, the Inspector General proposes at least two candidates to the Director-General from the shortlist recommended by the Selection Committee. This practice is a significant improvement compared to previous years when the Inspector General had only a marginal role in recruitment; thus far it has worked without any difficulties or challenges. However, in connection with ongoing development of the new FAO Recruitment Policy, the Inspector General will discuss with management options for further strengthening the authority delegated to the Inspector General for the selection of Professional and General Service staff to bring OIG's recruitment process in line with best practices in the UN system and the spirit of the OIG Charter.

## IV. Internal audit

### Internal audit activities in 2020

7. OIG's audit activities in 2020 were based on the approved 2020–2021 biennial workplan, dated December 2019, which included, inter alia, 11 audits of corporate functions and systems and 11 audits of Decentralized Offices.

8. There were significant changes in implementation of the workplan during 2020, particularly for Decentralized Office audits. This was mainly due to the suspension of audit missions as a result of the COVID-19 pandemic and the new external auditor's workplan. The changes included cancellation of four assignments to avoid overlap with the external auditor's workplan; deferral of two Subregional Office audits to 2021; implementation of four assignments advanced from the 2021 workplan; and commencement of one new audit assignment following the recommendation of the OAC.

9. OIG completed 23 audit assignments (compared to 20 in 2019). As at 31 December 2020, audit work on 17 assignments was in progress, with 9 audits at reporting stage, 4 at fieldwork stage and 4 at planning stage.

10. The time taken to finalize Decentralized Office audit reports continued to be a matter of concern for OIG. Efforts to fully address this issue were further hampered during 2020 when audit resources were devoted to developing and implementing remote auditing techniques due to the COVID-19 pandemic. OIG is committed to expediting the finalization of audits in a timely manner in 2021.

11. The following 23 audit reports were issued in 2020. Summaries of the reports' findings and conclusions can be found in a separate document (FC185/13.2).

#### **Audits of corporate functions:**

Staff Mobility Programme (AUD 0120)

Management of the After Service Medical Coverage Plan (AUD 0220)

Capital Expenditure Facility Management (AUD 0420)

Non-Staff Human Resources (AUD 0620)

Project Cycle Part 6: Gender in Project Design (AUD 0920)

Operational Partners Implementation Modality (AUD 1120)

Publishing Activity (AUD1320)

New Cost Recovery Policy (AUD1620)

Trust Fund Project Deficits (AUD1720)

Treasury Risk Assessment (AUD1920)

Technical Cooperation Programme (AUD 2020)

Non-Medical Insurance (AUD2320)

### **Audits of Decentralized Offices:**

FAO Representation in the Democratic Republic of Congo (AUD0320)

FAO Representation in Haiti (AUD0520)

FAO Representation in Kyrgyzstan (AUD0720)

FAO Representation in Benin (AUD0820)

FAO Representation in South Sudan (AUD1020)

FAO Representation in Yemen (AUD1220)

FAO Representation in Mauritania (AUD1420)

FAO Representation in Algeria (AUD1520)

FAO Representation in Guatemala (AUD1820)

FAO Partnership and Liaison Office in Azerbaijan (AUD2120)

FAO Representation in Honduras (AUD2220)

### Key audit observations, systemic weaknesses and unaddressed risks

#### **Management of Decentralized Offices**

12. In 2020, 6 of the 11 completed audits had an overall assessment of “Major Improvement Needed” while 4 were assessed as “Unsatisfactory”. The systemic control weaknesses identified were similar to those reported in 2018 and 2019 audits. These included: FAO Representations’ inaccurate completion of the required internal control questionnaires; ineffective risk management; lack of transparency and competition in procurement and recruitment; weak procurement planning; inadequate contract management; and lack of grievance mechanisms for receiving and handling complaints relating to sexual abuse allegations or potential violation of FAO’s environmental and social standards. In addition, there were recurring payments to vendors with incomplete records, including those without banking details in the Global Resource Management System. The management of implementing partner performance was often inadequate and controls over input distribution needed significant improvement. In many cases, records for project monitoring and reporting were incomplete, inaccurate or were not submitted in a timely manner. There were no mechanisms for proper cost allocations for shared resources among projects.

13. The key underlying causes for these systemic weaknesses were:

- Ineffective governance structures and lack of capacity at Decentralized Offices, resulting in poor supervisory controls and superficial implementation of the internal control framework.
- A lack of tools and systems for preventive and detective controls; for example, the planned implementation of the global inventory management system has been delayed.
- The dependence on local personnel to undertake programme activities and administrative tasks without providing them with the necessary training.
- The non-implementation of agreed actions from previous audits that have remained outstanding for over three years, such as the assessment of the effectiveness of the procedures for emergency operations; tools for recording and monitoring field budget allocations to Country Offices; and delays in finalizing the host country agreement in a country with expanding FAO operations.



## **Project cycle management**

14. In its 2020 audit of the Management of Projects using the Operational Partners Implementation Modality (OPIM), OIG reported that, while existing policies were sound, there was a need to strengthen operational aspects, such as the operational capacity assessment of prospective operational partners, and to re-assess the compatibility of Global Environmental Facility requirements and OPIM provisions. An audit of the Technical Cooperation Programme completed in 2020 concluded that, while established regulatory arrangements were functioning as designed, there was a need to reconsider whether the current project-based approach is the most efficient compared to a more programmatic approach.

15. In addition to the above, the majority of agreed actions from OIG's 2019 audit of the Project Cycle remained outstanding; there was no progress in implementing the outstanding agreed actions from OIG's 2017 audit of the Management of FAO's Global Environmental Facility portfolio; and two agreed actions from the 2016 audit of Technical Support Services were still open as at 31 December 2020. Moreover, OIG notes with concern the lack of progress in the project to replace the obsolete and ineffective Field Programme Management Information System with a more robust modern tool. In conclusion, the overall situation in programme and project management is of very high risk for the Organization, both from an efficiency and effectiveness point of view, as well as reputational risk. OIG acknowledges that an effective resolution of the issues identified by the different audits requires a careful analysis of alternatives; cooperation from different parts of the Organization; strong management support; communication with Member States; and resources.

## **Human resources management**

16. In 2020, OIG completed audits of Staff Mobility and the Management of Non-Staff Human Resources, which raised a number of important policy and procedural issues. The majority of agreed actions in the two reports remained outstanding as of 31 December 2020; in particular, a new FAO Mobility Policy was still overdue. For Non-Staff Human Resources, OIG made recommendations to improve the management of rosters, reference checks and other policy aspects. OIG also notes with concern that some key recommendations from its 2018 audit of Professional Staff Recruitment Procedures remain outstanding, including the transparent use of rosters, shortlisting of candidates and reference checks.

## **Procurement management**

17. As at 31 December 2020, only 7 of 19 agreed actions included in the 2017 Audit of Technical Support for the Procurement of Goods had been implemented. Considering the high-risk issues identified in the audit (e.g. lack of clarity as to who is required to review and clear technical specifications and no system in place to easily and clearly identify the technical experts at FAO who possess the expertise, authority and responsibility to develop and clear technical specifications for specific types of goods), the lack of progress is of serious concern. In addition, no progress was made during 2020 to close the 12 agreed actions (of 14) that remained outstanding from OIG's 2017 audit of Letters of Agreement, pending the Procurement Service's finalization of the update to Manual Section 507. Furthermore, the ten agreed actions included in the 2016 audit of the Procurement of Information Products and Promotional Development, under the responsibility of the Office of Corporate Communications, were outstanding. This is an area where FAO has been operating without an effective policy for at least 20 years.

## **Insurance management**

18. In 2020, OIG completed an audit of Non-Medical Insurance as well as an audit of the Management of the After Service Medical Coverage Plan. In both cases, OIG determined that the governance arrangements and controls in the respective areas were unsatisfactory and exposed the Organization to significant financial risks.

## Management of segregation of duties

19. Over the past few years, OIG has recurrently reported its concern about the lack of effective segregation of duties, in particular the management of user responsibilities in the Global Resource Management System and its impact on small Country Offices. OIG acknowledges that management has launched a project to address this important matter, which was originally planned to be completed in 2020. Regrettably, the impact of the COVID-19 pandemic has delayed the project.

### *Implementation of audit recommendations and agreed actions*

20. As at 31 December 2020, there were 480 outstanding agreed actions, a 27 percent increase over 2019 (see Table 1). This increase was mainly due to the issuance of 265 new recommendations, while only 164 were closed as implemented during the year. OIG associates the low implementation rate with management having other priorities as a result of the COVID-19 pandemic.

21. While the target date for implementation of each recommendation is established by management at the issuance of the audit report, in several instances management revised the target date when it subsequently assessed that the initial targets were no longer achievable. As at 31 December 2020, the number of overdue recommendations based on original target dates and revised target dates were as shown in Table 2.

**Table 1: Agreed actions open/closed in 2020 and final balance as at 31 December 2020**

Agreed actions open as at 31 December 2019	379
Agreed actions closed in 2020	(164)
Agreed actions created in 2020	265
Agreed actions open as at 31 December 2020	480

**Table 2: Outstanding agreed actions by original and revised due date as at 31 December 2020**

	Original due date	Revised due date
Not overdue	279	430
Overdue	201	50

### *Discretionary reports to the Finance Committee*

22. According to the OIG Charter, the Inspector General may, at his discretion, submit any audit report or any other issue to the Finance Committee together with the Director-General's comments thereon. During the reporting period, a summary report on the audit of the Staff Mobility Programme was discussed during the Finance Committee's 180th session (FC 180/7.2).

### *Audit planning for 2021*

23. The OIG Charter requires the Inspector General to develop a flexible biennial oversight plan, using an appropriate risk-based methodology, including any risks or control concerns identified by management. The biennial plan should be continuously adjusted during the biennium to accommodate any changes in the Organization's risk profile and to adapt to emerging needs and issues. At the end of

the first year of the biennium, a re-assessment of risks and audit objectives should be performed in consultation with management and the OAC.

24. Accordingly, OIG revised its 2021 workplan taking into account the following:

- changes in the Organization's risk profile, including as a result of the COVID-19 pandemic;
- changes in the Organization's structure and functions, ongoing organization-wide initiatives and the priorities of the Director-General;
- discussion and input from management;
- the external auditor's workplan;
- the introduction of remote auditing procedures following the suspension of field audit missions since March 2020; and
- the resources available.

25. For the 2021 workplan, OIG added five new audit assignments and cancelled ten assignments. The cancelled assignments included six to avoid duplication with the external auditors' workplan; one to avoid overlap with an ongoing assignment by the Joint Inspection Unit (JIU); one due to a change in the associated risk rating; and two due to lack of staffing resources to undertake them. The inclusion of these assignments in future OIG workplans will be reconsidered as part of the next risk-based planning process.

26. In addition to assignments from the 2020 workplan that were ongoing as at 31 December 2020, the repurposed 2021 workplan includes a total of ten audits of corporate functions and systems, comprising seven high or very high-risk assignments and three medium-risk assignments; and nine audits of Decentralized Offices, comprising seven offices assessed as high or very high risk and two assessed as medium risk.

27. Following a review by the OAC, the Director-General concurred with the revised 2021 workplan for OIG.

#### *Collaboration with the external auditor*

28. The new external auditor of FAO, the Comptroller and Auditor-General of India, took office in July 2020 and started to plan their activities during the third quarter of 2020. OIG held several meetings with their Director of Audit, and shared OIG audit workplans, risk based work planning methodologies, audit reports and other relevant documentation to support their work and ensure coordination.

#### *Collaboration with the Office of Evaluation (OED)*

29. During 2020, OIG and OED continued to coordinate their work closely. An example of this was the assessment of the FAO Technical Cooperation Programme where audit and evaluation complemented each other to provide combined assurance to the Organization. OIG and OED are also cooperating to harmonize the terminologies used in audit and evaluation reports, as suggested by the OAC.

## V. Disclosure of oversight reports

30. Based on the revised OIG Charter, in April 2020, the Inspector General started to post the executive summaries of audit reports on OIG's webpage in their original version and language within one month of report issuance. Upon written request for a specific report, the full report can be made available to Permanent Representatives accredited to FAO. In addition, upon written request from an institutional resource partner for a specific audit report covering programmes and operations co-funded by the requester, the institutional resource partner may be granted access to the full report. The Permanent Representatives and the institutional partners should treat any report received under this provision as confidential and should not publicly disclose any information contained therein.

31. During the reporting period, four such requests from three Member States and one institutional resource partner for a total of three audit reports were received. OIG shared all requested reports with no redactions. The following reports were disclosed in adherence with the policy:

- AUD 1020 - Audit of the FAO Representation in South Sudan
- AUD 1220 - Audit of the FAO Representation in Yemen
- AUD 0919 - Audit of the FAO Representation in Afghanistan

## VI. Investigations

32. As of 1 January 2020, OIG had an open caseload of 120 complaints. During the reporting period, the number of complaints of misconduct continued to increase. OIG received a total of 170 complaints, a 40 percent increase over 2019 (121 complaints). During the reporting period, OIG closed 163 matters, resulting in an open caseload of 127 matters as at 31 December 2020, an increase of 6 percent compared to 12 months earlier. The caseload constituted an average of 26 cases per staff investigator.

33. OIG continued to see an increase in the number of harassment, abuse of authority and sexual harassment allegations from 19 percent of the overall caseload in 2019 to 26 percent in 2020, representing an upward trend over the last two years. While there can be many reasons for this increase, OIG considers it mainly attributable to the strong tone at the top at FAO – since August 2019, the Organization has consistently emphasized the importance of fair, ethical and proper workplace conduct, and has ensured personnel's awareness through improved communications. This has resulted in enhanced trust in FAO's ability and willingness to tackle these issues.

34. As OIG has previously noted, harassment, abuse of authority and sexual harassment cases tend to be more complex and time-consuming to review than others (e.g. fraud cases); typically because of their reliance on significant volumes of testimonial evidence. Even with additional staffing, the growing number of such cases has required a redistribution of resources to address them, resulting in a commensurate decrease in OIG's ability to fully review and investigate other types of matters.

35. Throughout the reporting period, OIG focused its investigation resources on matters of high priority. OIG also engaged investigation consultants to help cope with its continuously growing caseload. Notwithstanding such temporary additional investigation capacity and despite successful efforts to reduce the open caseload, many of the complaints received in 2019 and 2020 have not yet been addressed. Of the 127 matters open as at 31 December 2020, 25 had been open for more than six months while 27 had been open for more than one year. Of the matters open at year-end, 22 (17 percent) have been assessed as high priority, 95 (75 percent) as medium priority and 10 (8 percent) as low priority. At the current resource level, assessing and, if warranted, investigating complaints will be subject to further delays. Certain complaints of a lower priority, even if credible, may never be investigated.

36. Table 3 shows OIG’s caseload development during 2017–2020:

**Table 3: Caseload development 2017–2020**

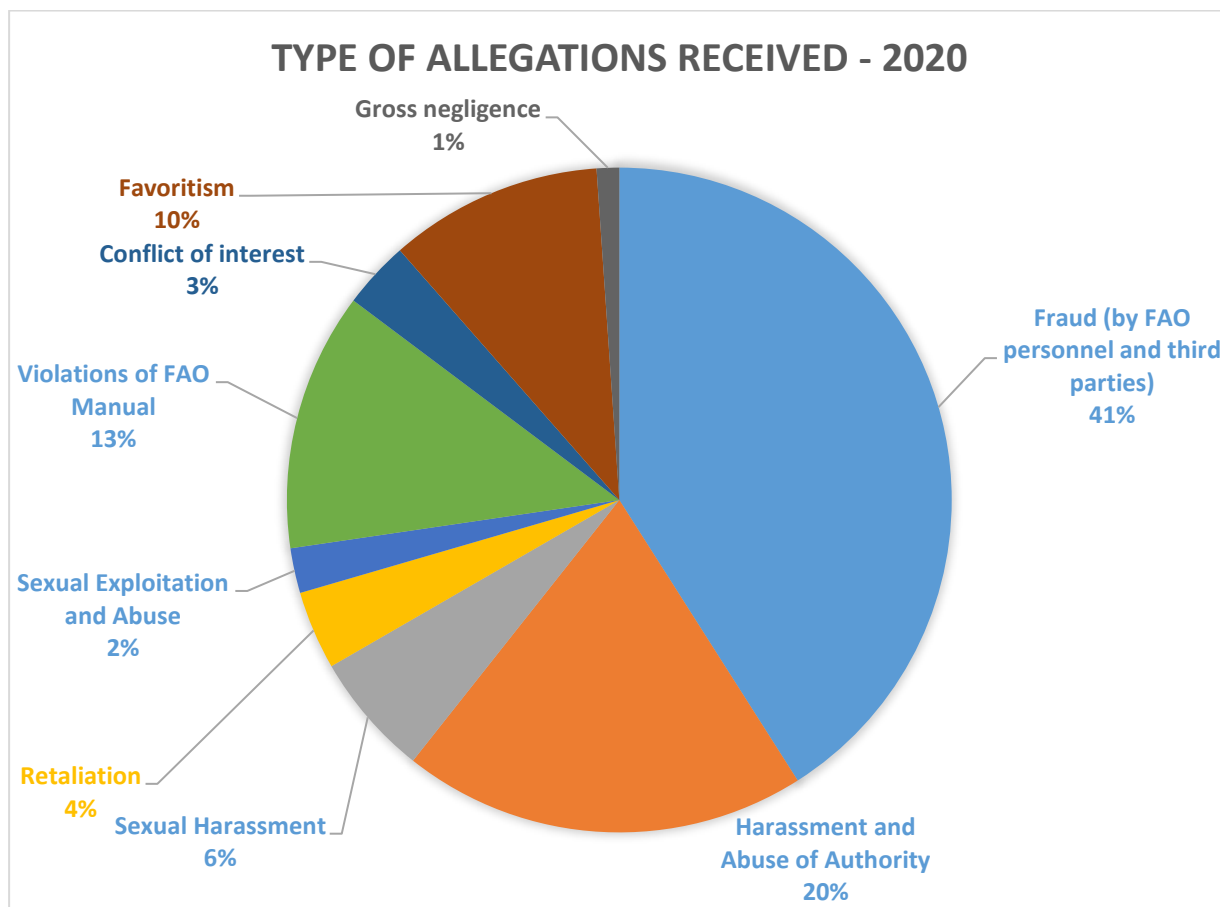
Caseload	2017	2018	2019	2020
Caseload as of 1 January (complaints carried over from previous year)	42	49	106	120
New complaints	76	112	121	170
<b>Total Caseload</b>	<b>118</b>	<b>161</b>	<b>227</b>	<b>290</b>
Complaints closed after Preliminary Review	18	39	88	133
Complaints closed after Investigation	51	16	19	30
Subtotal Complaints closed	69	55	107	163
Caseload as of 31 December	49	106	120	127

*Types of allegations received*

37. Chart 1 below shows a breakdown of the allegations received in 2020 by category<sup>1</sup> of alleged misconduct. OIG notes that individual complaints (shown in the table above) can and often do include multiple allegations of different types.

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<sup>1</sup> “Violations of FAO Manual” includes violations to the Standards of Conduct for International Civil Servants; Improper use of the Organization’s resources; Unauthorized outside activities; and Failure to cooperate with OIG’s activities.

**Chart 1: Type of allegations received in 2020**

*Investigation results and management action taken in 2020*

38. During the reporting period, OIG closed 163 complaints, 133 after preliminary review and 30 after full investigation. In 27 (90 percent) of the cases investigated, the investigation substantiated allegations of misconduct or sanctionable actions.

39. As detailed in Tables 4 and 5 below OIG issued a total of 31 investigation reports and investigation memoranda in 2020.

**Table 4: Summary of 2020 investigation reports and memoranda and related management action concerning FAO personnel**

<b>INV0120</b> (JAN-2020)	OIG concluded that a staff member breached the Standards of Conduct for the International Civil Service (Manual Section 304) in relation to a recruitment process, and also violated their obligation to assist OIG in its investigation. <b>The disciplinary measure of demotion was imposed as of Q1 2020.</b>
<b>INV0320</b> (FEB-2020)	OIG concluded that by repeatedly making remarks, which should reasonably have been expected to cause offence, a consultant violated the Policy on the Prevention of Harassment, Sexual Harassment and Abuse of Authority (Administrative Circular 2015/03), and the Standards of Conduct for the International Civil Service (Manual Section 304). <b>The consultant's contract was not renewed and a warning was inserted in the consultant's personnel file.</b>

<b>INV0420</b> (MAR-2020)	<p>OIG concluded that a consultant employed through a United Nations Development Programme (UNDP) contract touched or attempted to touch another consultant in an inappropriate way while travelling in an FAO official vehicle. <b>The consultant against whom the allegations were lodged resigned from their position before the issuance of the investigation report.</b></p>
<b>INV0520</b> (MAR-2020)	<p>OIG concluded that a senior staff member with managerial responsibilities was reckless in not disclosing the extent of a family member's involvement in an FAO-related activity amounting to a failure to disclose a conflict of interest or, at a minimum, gross negligence in the insufficiency of their disclosure, and used their official position with FAO in such a way that resulted in a reputational benefit for a family member. In doing the above, the staff member failed to place the interests of the Organization above their own and thus failed to uphold the high standards of conduct required of a manager at an international organization. OIG concluded that the above amounted to violations of Administrative Circular 2016/23 (Gross Negligence), Manual Section 330.1.52, and the Standards of Conduct for the International Civil Service (Manual Section 304). <b>The staff member resigned from the Organization following completion of the investigation.</b></p>
<b>INV0620</b> (APR-2020)	<p>OIG concluded that an FAO pensioner knowingly submitted fraudulent medical claims to FAO's medical insurance provider, amounting to circumstances requiring the cessation of his participation in the After Service Medical Coverage pursuant to Manual Section 343.5.45(f). <b>The FAO pensioners' participation in the After Service Medical Coverage was ended as of Q2 2020.</b></p>
<b>INV0720</b> (APR-2020)	<p>OIG concluded that a senior staff member with managerial responsibilities had offered to provide assistance arising from their professional functions in exchange for a sexual favour, and also engaged in Prohibited Uses of the Organization's IT resources by using an FAO-assigned device to store and repeatedly access pornographic materials, in violation of the Policy on Prevention of Sexual Harassment (Administrative Circular 2019/01), Manual Section 505, and the Standards of Conduct for the International Civil Service (Manual Section 304). OIG also found that the staff member withheld and deleted evidence and provided false or misleading information to OIG, and so failed to cooperate with the investigation, and obstructed and delayed the investigation. <b>The disciplinary measure of summary dismissal was imposed as of Q2 2020.</b></p>
<b>INV0820</b> (MAY-2020)	<p>OIG concluded that a staff member's decision not to extend a consultancy contract amounted to retaliation against a consultant due to the latter having engaged in a protected activity, amounting to a violation of the FAO Whistleblower Protection Policy (Administrative Circular 2019/06). <b>As of the end of 2020, a final decision was still pending on what, if any, administrative action to take.</b></p>
<b>INV0920</b> (MAY-2020)	<p>OIG concluded that a consultant, by making written comments and remarks, which should reasonably have been expected to cause offence and humiliation to a colleague, violated the Policy on Prevention of Sexual Harassment (Administrative Circular 2019/01) and the Standards of Conduct for the International Civil Service (Manual Section 304). <b>The consultant's employment contract was terminated as of Q2 2020.</b></p>
<b>INV1120</b> (MAY-2020)	<p>OIG concluded that available evidence relating to alleged inappropriate and sexually explicit comments by a consultant was insufficient to establish a violation of the Policy Against Harassment, Sexual Harassment and Abuse of Authority (Administrative Circular 2015/03). <b>A memorandum was however issued to the consultant in question to remind them of their obligations under the relevant policies.</b></p>

<b>INV1220</b> (MAY-2020)	OIG concluded that a staff member misrepresented information in order to secure a relocation grant in violation of the Organization’s Policy Against Fraud and Other Corrupt Practices (Administrative Circular 2015/08). <b>As of the end of 2020, a final decision was still pending on what, if any, administrative action to take.</b>
<b>INV1320</b> (MAY-2020)	OIG concluded that a consultant failed to disclose a possible conflict of interest with their spouse in violation of the Standards of Conduct for the International Civil Service (Manual Section 304) and Manual Section 507.4. <b>The consultant’s contract was terminated in Q4 2020, and a warning was inserted in the consultant’s personnel file.</b>
<b>INV1920</b> (JUL-2020)	OIG concluded that the involvement of a staff member on an external agency governing board did not amount to an undisclosed outside activity, but the staff member failed to adequately declare a conflict of interest in relation to a Letter of Agreement and also failed to disclose their involvement in the external agency in the context of a visit to FAO by the agency Executive Director. <b>The staff member received a written reprimand in January 2021.</b>
<b>INV2020</b> (JUL-2020)	OIG concluded that a staff member engaged in an unauthorized outside activity arising from their involvement with two different private companies, and used their official position with the Organization to benefit these two companies. OIG also found that the staff member attempted to recruit personnel from these two companies to work directly for FAO in exchange for personal favours and pecuniary gain. <b>As of the end of 2020, a final decision was still pending on what, if any, administrative action to take.</b>
<b>INV2220</b> (SEP-2020)	OIG concluded that management had shown by clear and convincing evidence that the complainant’s contract would not have been renewed, regardless of the consultant having engaged in a protected activity, and so the non-renewal did not amount to retaliation. <b>As such, OIG recommended that the matter be closed without any further administrative action.</b>
<b>INV2320</b> (SEP-2020)	OIG concluded that a consultant made sexually suggestive comments and engaged in unwelcome conduct of a sexual nature in violation of the Policy on Prevention of Sexual Harassment (Administrative Circular 2019/01) and the Standards of Conduct for the International Civil Service (Manual Section 304). <b>As of the end of 2020, a final decision was still pending on what, if any, administrative action to take.</b>
<b>INV2420</b> (OCT-2020)	OIG concluded that a consultant inappropriately touched and propositioned another consultant, and also acted in a manner that the consultant should have known would cause offence to a third consultant in violation of the Policy on the Prevention of Sexual Harassment (Administrative Circular 2019/01), as well as failed to act in a manner consistent with their obligation under the Standards of Conduct for the international Civil Service (Manual Section 304), in particular paragraphs 42 and 43 thereof. OIG found that the consultant’s relatively more senior position was an aggravating factor. <b>As of the end of 2020, a final decision was still pending on what, if any, administrative action to take.</b>
<b>INV2520</b> (OCT-2020)	OIG concluded that a staff member made remarks to another staff member, which they reasonably should have expected would cause offence or humiliation, and so violated the Policy on Prevention of Sexual Harassment (Administrative Circular 2019/01) and the Standards of Conduct for the International Civil Service (Manual Section 304). <b>As of the end of 2020, a final decision was still pending on what, if any, administrative action to take.</b>



<b>INV2820</b> (DEC-2020)	<p>OIG concluded that a consultant misappropriated the equivalent of approximately USD 10 300 in local currency by inducing project beneficiaries to deposit funds in a private bank account to which the consultant had access, amounting to a violation of the Policy Against Fraud and Other Corrupt Practices (Administrative Circular 2015/08). The consultant in question ceased their employment with the Organization before completion of the investigation. OIG recommended that a note be placed in the relevant personnel file and that the matter be referred to the relevant national authorities. <b>A warning was inserted into the consultant’s personnel file in January 2021.</b></p>
<b>INV2920</b> (DEC-2020)	<p>OIG concluded that a staff member had an undisclosed conflict of interest with a vendor during a procurement action, but that there was insufficient evidence to establish a violation of the Policy Against Fraud and Other Corrupt Practices (Administrative Circular 2015/08). Nevertheless, as the staff member had previously been warned about the need to disclose any potential or actual conflicts of interest, OIG recommended appropriate disciplinary action. <b>As of the end of 2020, a final decision was still pending on what, if any, administrative action to take.</b></p>
<b>INVM0120</b> (JAN-2020)	<p><b>OIG concluded that FAO’s sharing of personnel-related information with an external financial institution was done pursuant to a long-standing corporate practice and did not amount to an instance of misconduct.</b> The matter was referred to management for its attention.</p>
<b>INVM0220</b> (JAN-2020)	<p><b>OIG was unable to identify any information supporting the allegation that any FAO personnel were involved in alleged corrupt activities.</b> However, OIG concluded that there were indications that certain government personnel may have attempted to request undue payments during an FAO project jointly implemented with the government.</p>

**Table 5: Summary of 2020 investigation reports and related management action concerning FAO vendors or implementing partners**

<b>INV0220</b> (JAN-2020)	<p>OIG concluded that a Third Party Monitor contracted by FAO knowingly misrepresented its findings relating to cash distributions in a report submitted to the Country Office, amounting to a fraudulent practice under section 1.2.12(a)(ii) of FAO’s Vendor Sanctions Procedures and therefore is a sanctionable action pursuant to the Organization’s Vendor Sanctions Procedures. <b>The matter is pending a decision by the Vendor Sanctions Committee on whether to open sanctions proceedings.</b></p>
<b>INV1020</b> (MAY-2020)	<p>OIG concluded that employees of an FAO vendor requested payment from an FAO supplier in connection with the inspection of goods procured by FAO; and not having received the payment requested from the vendor, made misrepresentations to FAO, amounting to a violation of the UN Supplier Code of Conduct, and so a Sanctionable Action under section 1.2.12(b) of the Organization’s Vendor Sanctions Procedures. <b>The matter is pending a decision by the Vendor Sanctions Committee on whether to open sanctions proceedings.</b></p>
<b>INV1420</b> (JUN-2020)	<p>OIG concluded that a vendor: (i) submitted false company records; and (ii) knowingly concealed its affiliation to other companies, including one vendor under temporary suspension for alleged fraud (which OIG later substantiated) and another bidder that participated in the same tender. OIG considered that the conduct amounted to fraudulent practice as set out in paragraph 1.2.12(a)(ii), and a Sanctionable Action pursuant to the FAO Vendor Sanctions Procedures. <b>The sanctions proceedings are ongoing.</b></p>

<b>INV1520</b> (JUL-2020)	<p>OIG concluded that the vendor: (i) repeatedly submitted false documents; and (ii) knowingly concealed its affiliation to other seed companies, including with (a) one vendor that was under temporary suspension for alleged fraud (which OIG substantiated); and (b) another bidder that participated in three of the same tenders. OIG considered that the conduct amounted to fraudulent and unethical practices as set out in paragraphs 1.2.12(a)(ii) and 1.2.12(b), and a Sanctionable Action pursuant to the Organization’s Vendor Sanctions Procedures. <b>The sanctions proceedings are ongoing.</b></p>
<b>INV1620</b> (JUL-2020)	<p>OIG concluded that an FAO supplier had an undisclosed conflict of interest arising from an undisclosed personal relationship with a member of FAO personnel. <b>The sanctions proceedings are ongoing.</b></p>
<b>INV1720</b> (JUL-2020)	<p>OIG concluded that the vendor: (i) repeatedly submitted falsified documentation; and (ii) knowingly concealed its affiliation to other companies, including with (a) two vendors that were under temporary suspension for alleged fraud (which OIG substantiated); and (b) two other bidders that participated in four of the same tenders. OIG considered that the conduct amounted to fraudulent and unethical practices as set out in paragraphs 1.2.12(a)(ii) and 1.2.12(b), and a Sanctionable Action pursuant to the Organization’s Vendor Sanctions Procedures. <b>The matter is pending a decision by the Vendor Sanctions Committee on whether to open sanctions proceedings.</b></p>
<b>INV1820</b> (JUL-2020)	<p>OIG concluded that two vendors knowingly concealed their affiliation and colluded in relation to an FAO tender. OIG considered that the conduct amounted to both fraudulent and collusive practice, as set out in paragraphs 1.2.12(a)(ii) and 1.2.12(a)(iii), and Sanctionable Actions pursuant to the Vendor Sanctions Procedures. <b>The matter is pending a decision by the Vendor Sanctions Committee on whether to open sanctions proceedings.</b></p>
<b>INV2120</b> (AUG-2020)	<p>OIG concluded that the vendor submitted false documentation in order to obtain a payment from FAO. OIG considered that the conduct amounted to fraudulent practice as set out in paragraph 1.2.12(a)(ii), and a Sanctionable Action pursuant to the Organization’s Vendor Sanctions Procedures. <b>The matter is pending a decision by the Vendor Sanctions Committee on whether to open sanctions proceedings.</b></p>
<b>INV2620</b> (DEC-2020)	<p>OIG concluded that an FAO vendor agreed with another company to prepare their bids submitted in response to two Invitations to Bid issued by FAO in such a way as to split the award between the two companies in the event that they should win the tender, amounting to a collusive practice under section 1.2.12(iii) of FAO’s Vendor Sanctions Procedures, and therefore a Sanctionable Action. <b>The matter is pending a decision by the Vendor Sanctions Committee on whether to open sanctions proceedings.</b></p>
<b>INV2720</b> (DEC-2020)	<p>OIG concluded that an FAO vendor agreed with another company to prepare their bids submitted in response to two Invitations to Bid issued by FAO in such a way as to split the award between the two companies in the event that they should win the tender, amounting to a collusive practice under section 1.2.12(iii) of FAO’s Vendor Sanctions Procedures, and therefore a Sanctionable Action. <b>The matter is pending a decision by the Vendor Sanctions Committee on whether to open sanctions proceedings.</b></p>

40. In addition to the above reports issued to the Vendor Sanctions Committee, OIG issued seven memoranda requesting the temporary suspension of vendors in 2020, all of which were granted by the Committee. Investigations in five of these matters are ongoing, the other two having been submitted to the Committee for decision on whether to initiate Sanctions Proceedings as reported above.

41. As detailed in Tables 6 and 7 below, during the reporting period four of seven pending recommendations from 2019 investigations reports involving FAO personnel, vendors or implementing partners were closed.

**Table 6: Summary of pending recommendations from 2019 investigation reports and management action taken since then concerning FAO personnel**

<b>INV0719</b> (MAY-2019)	OIG concluded that a consultant employed under a UNDP contract engaged in inappropriate, improper and unwelcome physical contact with several other then members of FAO personnel. OIG submitted its report to UNDP, under applicable rules, for appropriate action. <b>The consultant in question tendered their resignation before a final decision was taken by UNDP.</b>
<b>INV0919</b> (JUN-2019)	OIG concluded that available evidence was insufficient to substantiate the allegation that a consultant made offensive and inappropriate remarks of a sexual nature in violation of the Policy Against Harassment, Sexual Harassment and Abuse of Authority (Administrative Circular 2015/03). <b>OIG nonetheless recommended that the personnel concerned be reminded of relevant policies, which was done in Q1 2020.</b>
<b>INV1019</b> (AUG-2019)	OIG concluded that a consultant with managerial responsibilities abused their authority by pressuring a subordinate to reimburse them for unauthorized expenses, and that, as a manager, the same consultant failed to ensure a harmonious workplace in violation of the Standards of Conduct for the International Civil Service (Manual Section 304). <b>The consultant was issued with a warning as of Q1 2020.</b>
<b>INV1719</b> (DEC-2019)	OIG concluded that a consultant engaged in fraudulent practices resulting in the Organization's undue disbursement of almost USD 8 000. <b>The consultant's contract was not renewed and a partial recovery was made as of Q1 2020.</b>

**Table 7: Summary of pending recommendations from 2019 investigation reports and management action taken since then concerning FAO vendors or implementing partners**

<b>INV0819</b> (JUN-2019)	OIG concluded that a third party submitted a fraudulent certificate of appreciation as part of its proposal for a contract with an FAO Representation. The Vendor Sanctions Committee issued a Notice of Sanctions Proceedings on 31 October 2019. <b>The matter is pending completion of the sanctions procedures.</b>
<b>INV1319</b> (SEP-2019)	OIG concluded that a supplier engaged in fraud when it knowingly inflated the amount due from an FAO Representation by some USD 23 000. The Vendor Sanctions Committee issued a Notice of Sanctions Proceedings on 23 October 2019. <b>The matter is pending completion of the sanctions procedures.</b>
<b>INV1619</b> (OCT-2019)	OIG concluded that an implementing partner engaged in fraudulent practices when it submitted knowingly false documentation to FAO in support of its request for reimbursable expenditure under a Letter of Agreement signed with the Organization, in an attempt to obtain payment of some USD 15 000 to which it was not entitled. <b>OIG issued its report and request for sanctions proceedings, a decision on which was still pending as at 31 December 2020.</b>

*Allegations of sexual harassment*

42. During the reporting period, OIG received eight complaints containing allegations of sexual harassment under the Policy on the Prevention of Harassment, Sexual Harassment and Abuse of Authority (Administrative Circular 2015/03). Two cases were closed after preliminary review. One was closed as substantiated following an investigation.

43. The seven cases open at the end of 2019 were all closed in 2020; six were substantiated and one was unsubstantiated.

44. In total, as of 31 December 2020, five cases involving allegations of sexual harassment were under review by OIG.

*Allegations of harassment and abuse of authority*

45. During the reporting period, OIG received 32 complaints containing allegations of harassment and/or abuse of authority under the Policy on the Prevention of Harassment, Sexual Harassment and Abuse of Authority. Of these, one was closed as unfounded, five were closed as unsubstantiated following a preliminary review, and 16 were either referred to another FAO division or the complaint was withdrawn or found to be outside of OIG's mandate. Ten matters remain under review, in addition to four received before the reporting period.

*Reporting on sexual exploitation and abuse*

46. During the reporting period, OIG received four complaints of Sexual Exploitation and Abuse (SEA). Two were closed as unfounded and one as unsubstantiated, while one was closed shortly after the reporting period (January 2021) as unsubstantiated.

47. As recommended by OIG, FAO will, as of 2021, contribute to the United Nations Secretary-General's public reporting mechanism on SEA (the iReport SEA Tracker). OIG will be responsible for inputting the relevant data into the reporting mechanism.

*Allegations of retaliation*

48. The revised FAO Whistleblower Protection Policy (AC 2019/06 of 14 August 2019) assigns the responsibility for conducting an initial assessment of retaliation complaints to the Ethics Office to determine if they present a prima facie case of retaliation. The new Ethics Officer joined FAO in March 2020; however, as part of the transition arrangements, such reviews continued to be undertaken by OIG until 31 August 2020.

49. As of 1 January 2020, two complaints of retaliation were under preliminary review by OIG and one was under investigation. Of those, one was substantiated and two were found to be unsubstantiated. During the reporting period, OIG received seven new complaints of retaliation, four of which were unsubstantiated and the remaining three unfounded.

*Collaboration with key integrity stakeholder offices*

50. During 2020, FAO filled both the Ombudsman and Ethics Officer positions. OIG collaborated closely with both offices in the context of various organizational activities relevant to areas of their mandate, e.g. with respect to training, recruitment, policy initiatives and definition of terms of reference for key functions. OIG was also a member of the Task Force on Workplace Integrity and Sexual Exploitation and Abuse in FAO, chaired by Laurent Thomas, Deputy Director-General. OIG actively participated in the Task Force's two independent subworking groups on: (1) Workplace Integrity led by the Human Resources Division; and (2) Sexual Exploitation and Abuse led by the Ethics Office. Overall, OIG commends the enthusiasm and fruitful collaboration among the different integrity stakeholder offices regarding these important endeavours.

## VII. Advisory services

51. In addition to scheduled audits and regular investigatory work, OIG provides advisory services on particular subjects or events to clarify facts or provide information to management to assist them in decision-making. These advisories are mostly ad hoc, short duration services at the request of management. During 2020, OIG responded to 96 such requests, which was almost double the number of requests received in 2019. The requests were for comments and advice on: updates to corporate policies and procedures; the FAO fraud risk register and analysis of fraud prevention plans; actions with respect to FAO's response to SEA and sexual harassment; FAO engagement in the UN Efficiency Agenda; practices in external outsourcing of services to commercial providers; responses to JIU reports; and numerous funding agreements.

52. In particular, requests relating to donor and partnership agreements consume a great deal of OIG's time. Review of clauses in various agreements accounted for about one third of the time spent on management requests for OIG's advice in 2020. These agreements have become increasingly complex, especially in relation to their investigation and audit provisions. Donors demand greater transparency and information to ensure their resources will be used effectively, efficiently and with integrity. Many of them want information in different ways, at different granularity levels and at different times. Donor requests for the Organization to prevent and take action on misconduct, and in particular communication to them on allegations of misconduct and investigations undertaken, represent a challenge in formulating provisions in funding agreements that are balanced and address the concerns of all parties. As the obligations for reporting in these agreements need to be honoured, it is important to develop commonly accepted standards.

53. From an audit perspective, donors increasingly want to insert language in the agreements to allow them to undertake their own assessments, through spot checks, verifications or other similar concepts, or to request specific audits. This puts pressure on FAO's ability to uphold the spirit of the Single Audit Principle, as well as OIG's ability to adhere to its risk-based auditing methodology. The Single Audit Principle, promulgated by the UN General Assembly, states that the appointed external auditor retains the exclusive right to carry out external audits of the accounts and statements of any UN agency. These external audits are supplemented by internal audits and investigations carried out by the Office of the Inspector General at FAO and its equivalents within other UN agencies. These arrangements were designed to avoid duplication of effort; reduce costs; and minimize disruption of core activities to the benefit of the Organization, its members and donors.

54. Advisory services may also involve special reviews, either at management's request or as proactively identified by OIG, and result in issuing an advisory memorandum to management. In 2020, OIG issued five audit memoranda related to various aspects of fraud risk management, procurement and recruitment.

55. Moreover, OIG continued to participate during 2020 as an observer in a number of FAO committees and boards, including the Internal Control Board, Investment Committee and FAO Credit Union Board of Directors.

## VIII. Quality assurance and improvement programme

56. As required by the OIG Charter, the Inspector General maintains a quality assurance and improvement programme, a key element of which is maintaining a fit-for-purpose Audit Manual for the internal audit function. OIG made a number of amendments to its Audit Manual during the year. Another key aspect of the programme is OIG's audit management software. In 2020, OIG conducted market research to select new software that will replace its current system which had been used for more than ten years. The new software is based on a modern information technology platform and brings new functionalities, better integration of the different modules and enhanced ease of use. The migration process started in late 2020 and is planned to be completed in the first quarter of 2021. Finally, in April 2020, following the OAC's recommendation, OIG started providing an audit rating

pertaining to its overall assessment of implementation of the internal control system in Decentralized Office audits.

57. As reported last year, FAO's investigation function was subject to an external assessment in 2019 which confirmed that the investigation function is in conformity with the Uniform Principles and Guidelines for Investigations in International Organizations and in compliance with the OIG Charter, the Guidelines for Internal Administrative Investigations by the Office of the Inspector General and other applicable policies. During 2020, through an action plan, OIG implemented most of the recommendations included in the external assessment report. As part of the action plan, new Investigations Guidelines have been drafted in consultation with relevant offices and are expected to be issued in early 2021. Updated Standard Operating Procedures have also been issued, which will codify specific aspects of the investigation process in more detail, supplementing the Investigation Guidelines. OIG is working closely with the Office of the Legal Counsel, Human Resources Division, Ethics Office, Ombudsman and other offices concerned in reviewing and revising FAO's integrity-related policies and procedures.

## **IX. Cooperation with other UN system oversight offices**

58. During the reporting period, OIG continued to cooperate with the oversight offices of the UN system and other international organizations.

59. OIG participated in four virtual meetings of the United Nations Representatives of Internal Audit Services (UN-RIAS), which discussed joint audits, joint training, exchange of practices on public disclosure of audit reports and oversight committees, JIU activities, and activities of the High-Level Committee on Management and its networks. These meetings also discussed at length UN-RIAS members' response to the COVID-19 crisis. Furthermore, OIG participated in four webinars and panel discussions, which replaced the traditional annual face-to-face UN-RIAS conference. Topics covered in these webinars included the use of technology in audit, innovative reporting, remote auditing and dynamic risk assessment.

60. Regarding investigations, OIG participated in four virtual meetings of the United Nations Representatives of Investigation Services (UNRIS). The meetings discussed donor reporting; sharing of information related to SEA investigations with UN Resident Coordinators; challenges related to COVID-19; the United Nations Protocol on the Provision of Assistance to Victims of Sexual Exploitation and Abuse; and the report on the JIU Review of the State of the Investigation Function in the UN system. Furthermore, OIG contributed to a UNRIS-led working group aimed at developing General Principles for Core Investigative Activities, concerning tasks that are common to most investigation offices.

61. Regarding collaboration with the other Rome-Based Agencies, OIG continued to cooperate with its counterparts at the World Food Programme (WFP) and the International Fund for Agricultural Development (IFAD) by exchanging information and benchmarking on a variety of subjects. OIG actively assisted the WFP Office of the Inspector General in preparation of the 21st Conference of International Investigators, which was planned to be held in Rome in September 2020 and hosted by WFP in collaboration with FAO and IFAD. In view of the COVID-19 situation, it was agreed to postpone the Conference to May 2021. During the reporting period, OIG received extensive assistance from WFP's Office of the Inspector General in conducting digital forensic work, primarily due to the fact that WFP's forensic lab includes forensic tools (hardware and software) not available at OIG. Further, OIG agreed to a request from a sister Rome-Based Agency to conduct an external investigation into allegations of misconduct by a senior staff member of that organization.

## X. Management of resources

### *Financial resources*

62. Thanks to the significant savings generated by the cancellation of field missions and the longer than expected staff vacancies, OIG finalized the year with a surplus of approximately USD 340 000.<sup>2</sup> However, in a year of normal activity, OIG would have incurred a significant deficit. The additional allotment received by OIG for the current biennium (approximately USD 400 000) was fully used to fund a new P4 investigator position. Hence, the deficit in non-staff resources not only did not diminish in 2020 but de facto increased from prior years - because some non-staff costs are proportional to the number of personnel - to approximately USD 400-500 000/year. This deficit will not materialize in 2021 following an authorization received from management to carry over the 2020 surplus to 2021, as well as a one-time allotment of USD 200 000 authorized by the Director-General for 2021 to augment OIG's investigation capacity.

63. The breakdown of OIG's costs in 2020 was as follows:

**Table 8: 2020 Expenditure\***

<b>Expenditure</b>	<b>Budget</b>	<b>Actuals</b>	<b>% of total expenditure</b>	<b>Balance (surplus/deficit)</b>
Staff costs	4 077 735	3 716 630	85.3%	361 105
Consultants	274 107	466 827	10.7%	-192 720
Travel	254 679	60 563	1.4%	194 116
Other non-staff costs	40 028	114 815	2.6%	-74 787
<b>Sub-total</b>	<b>4 646 549</b>	<b>4 358 835</b>	<b>100.0%</b>	<b>287 714</b>
Additional income	5 000	58 874		53 874
<b>Total</b>				<b>341 588</b>

\*Preliminary figures based on iMIS data retrieved on 9 February 2021. Training budget excluded.

64. As of the reporting date, OIG was in discussion with management regarding the budget for the 2022–23 cycle, following a request from the Inspector General for OIG funding to be based on a formula linked to FAO's revenue, with different percentages for Regular Programme budget and voluntary funding, respectively. The aim of the request was to ensure that the structural budget imbalance between staff and non-staff resources that has existed in OIG's budget for some time could be permanently resolved, and that OIG could effectively deal with its investigation caseload, especially if it continues to grow at the current rate. OIG has been reassured of the Director-General's commitment to ensure that OIG receives an increase in its resource allocation compared to the current biennium, including new Investigator posts.

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<sup>2</sup> Preliminary figure based on information available in iMIS as at 9 February 2021.

*Staff and other personnel*

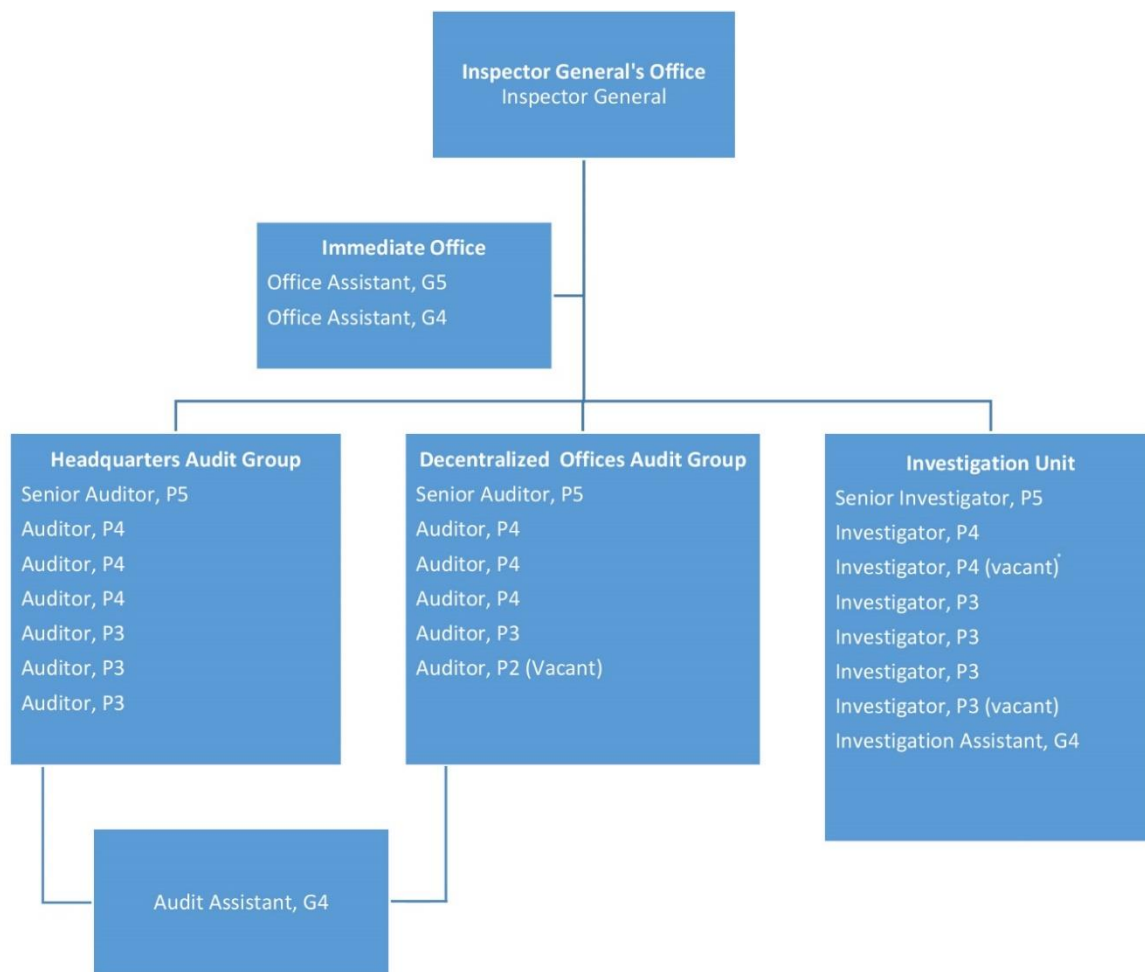
65. At its 180th session, the Finance Committee endorsed the appointment of the new Inspector General (document FC 180/13 Rev.1). The Inspector General took up his functions on 7 September 2020.

66. Two Investigator positions (P4 and P3) and one Auditor (P2) position were vacant as of 31 December 2020. All of the other 25 approved staffing positions in OIG were filled. In addition to regular staff, as of 31 December 2020, OIG had five consultants (one in audit and four in investigations). For details, see Table 9 below and Chart 2 for OIG organizational chart.

**Table 9: OIG staffing table as at 31 December 2020**

	Grade	Male	Female	Vacant	Total
Inspector General	D2	1			1
Office Assistant	G5	1			1
Office Assistant	G4	1			1
<b>Sub-total IG's Office</b>		<b>3</b>			<b>3</b>
Internal Audit					
Senior Auditor	P5	1	1		2
Auditor	P4	3	3		6
Auditor	P3	1	3		4
Auditor	P2			1	1
Audit Assistant	G4		1		1
<b>Sub-total Internal Audit</b>		<b>5</b>	<b>8</b>	<b>1</b>	<b>14</b>
Investigation					
Senior Investigator	P5	1			1
Investigator	P4		1	1	2
Investigator	P3	2	1	1	4
Investigation Assistant	G4	1			1
<b>Sub-total Investigations</b>		<b>4</b>	<b>2</b>	<b>2</b>	<b>8</b>
<b>Total OIG</b>		<b>12</b>	<b>10</b>	<b>3</b>	<b>25</b>



**Chart 2: OIG Organization Chart as at 31 December 2020**

67. Due to the COVID-19 pandemic-related travel restrictions, three of the four regional auditors could not be relocated to Rome by April 2020 as originally planned. However, they all gradually relocated to Rome throughout the year and the reassignments were completed by November 2020.

#### *Professional development*

68. In 2020, with travel restrictions and pandemic concerns, OIG had to revise its staff development plan following the cancellation of both group and individual in-person training. OIG arranged suitable online training for its staff members to ensure that they updated their skills and techniques relevant to their function. Training courses for auditors included data analytics, surveying skills, fraud risk assessment and remote auditing; while training for investigators focused on interviewing and interrogation skills. OIG staff also completed internal training to enhance their language skills and their knowledge of key topics such as information security awareness, monitoring and evaluation of food security programmes, project cycle management and travel management. On average, OIG staff spent 6.3 days on training in 2020.

## XI. Performance indicators

69. OIG continued to monitor and report to the Director-General and the OAC on internal performance indicators regarding its core work and its management. OIG has fine-tuned a few indicators for clarity. Details are shown in Table 10 below:

**Table 10: OIG performance indicators**

		Target	2019	2020
<b>OIG core work</b>				
1	Coverage of high-risk areas: Percentage of high-risk assignments in the audit workplan <sup>1</sup>	60%	48%	59%
2	Audit plan implementation: Actual vs. planned assignments	100%	89%	100%
3	Average days to complete audit assignments (days charged)	<100 days	80 days	92 days
4	Average months to complete audit assignments (calendar months from start to final report)	6 months	11 months	9 months
5	Audit client satisfaction rate (on a rating scale of 1 to 6)	>4.0	4.9	5.2
6	Investigations completed within timeline	100%	68%	60%
7	Investigation recommendations implemented within one year	>90%	94%	89%
8	Audit recommendations accepted (= agreed actions)	>90%	96%	100%
9	Outstanding agreed actions not older than two years <sup>2</sup>	<10%	21%	21%
10	Audit reports per auditor: above UN average	2.25	1.60	1.92
11	Oversight Advisory Committee action points addressed	100%	100%	100%
<b>OIG management</b>				
12	Vacancy rate	<8.5%	4.2%	7.5%
13	Mandatory training completed by OIG personnel	>90%	84%	98%
14	Auditors with professional certification	100%	100%	100%
15	Training days per member of OIG personnel	10 days	7.4	6.3
16	Absenteeism rate (below FAO average): Uncertified sick leave	<1.7 days	2.3 days	2 days
17	Absenteeism rate (below FAO average): Certified sick leave	<7.7 days	3.7 days	7.5 days

Note 1: Indicator fine-tuned by OIG: This was previously shown as “Audit plan completion: High-risk areas covered”.

Note 2: Indicator fine-tuned by OIG: This was previously shown as “Audit recommendation/agreed actions implemented within two years.”

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## **Annex A: List of acronyms**

IFAD	International Fund for Agricultural Development
JIU	Joint Inspection Unit
OAC	Oversight Advisory Committee
OIG	Office of the Inspector General
OPIM	Operational Partners Implementation Modality
SEA	Sexual Exploitation and Abuse
UN	United Nations
UNDP	United Nations Development Programme
UNRIAS	United Nations Representatives of Internal Audit Services
UNRIS	United Nations Representatives of Investigation Services
WFP	World Food Programme