


September 2011

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	منظمة الأغذية والزراعة للأمم المتحدة	联合国 粮食及 农业组织	Food and Agriculture Organization of the United Nations	Organisation des Nations Unies pour l'alimentation et l'agriculture	Продовольствен ная и сельскохозяйств енная организация Объединенных Наций	Organización de las Naciones Unidas para la Alimentación y la Agricultura
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## FINANCE COMMITTEE

**Hundred and Fortieth Session**

**Rome, 10 - 14 October 2011**

**Status of Integrity and Fiduciary Actions**

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

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### EXECUTIVE SUMMARY

- Through the Immediate Plan of Action (IPA), the Organization is implementing a number of measures to reinforce integrity in the Organization and to apply fiduciary measures that promote effective and efficient administration. At the same time, good practice is evolving and further measures have been identified internally as well as through analysis and recommendations of the Joint Inspection Unit and through assessment frameworks established by donors. Some actions are complete, some in progress and some are agreed but pending. The status of all such measures is now being tracked by the Secretariat and overseen by the Finance Committee in one high level matrix-format document. The current document presents the Status of Integrity and Fiduciary Actions as at 9 September 2011, and informs of developments since March 2011.

### GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is presented with an update of the matrix previously presented in its March 2011 sessions and is invited to take note of the information provided therein.

#### Draft Advice

- **The Finance Committee is invited to take note of the information provided in this document.**

### Integrity Framework Update

1. This matrix lists the status of FAO actions on key integrity and fiduciary initiatives, either in place, in progress or pending. The matrix provides cross-referencing, where relevant, to internal or external recommendations received by the Organization since 2005 from oversight functions or fiduciary standards received from funds providers.

Elements	Cross-reference	Summary status March 2011 <input checked="" type="checkbox"/> = In place and subject to periodic review	Summary status August 2011 (only changes from March indicated)
<b>FINANCIAL REPORTING AND EXTERNAL AUDIT</b>			
1) Public financial reporting according to international accounting standards	GEF fiduciary standards	<input checked="" type="checkbox"/> moving to IPSAS and annual reporting (IPA action)	
2) Independent external audit, applying international auditing standards, opinion and management letter reported to governing body and made public, oversight by Finance Committee	GEF fiduciary standards	<input checked="" type="checkbox"/> audit currently biennial, will be annual under IPSAS	
3) Mandatory rotation of external auditor	JIU2006/2	<input checked="" type="checkbox"/>	
<b>CONTROL AND RISK MANAGEMENT</b>			
4) Comprehensive control framework	GEF fiduciary standards	Roles and responsibilities, policies and procedures are documented in various forms. Development of an overarching control framework is planned to initiate in 2013	AUD is partnering with an external consultant to advise FAO on how to develop an ICF, as part of its 2011 work plan. This assignment will be completed later in 2011.
5) Management assertion over financial controls	GEF fiduciary standards	Under consideration, including cost implications	
6) Enterprise risk management process	JIU 2010/4 GEF fiduciary standards	In progress (IPA action)	

7) Procurement standards and procedures	GEF fiduciary standards	<input checked="" type="checkbox"/> in general, for specific elements see below:	
<ul style="list-style-type: none"> <li>Updated Procurement Guidelines</li> </ul>		<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> <li>Anticorruption Clause in supplier contracts and purchase orders</li> </ul>	AUD-LEG consultancy	Pending. The clause has been added to standard contracts for services and Letters of Agreement and will be included by end September in T&Cs for standard Purchase Orders.	
<ul style="list-style-type: none"> <li>Right to audit clause in high value (individual or cumulative) supplier contracts</li> </ul>	AUD-LEG consultancy	Pending	In progress. An audit clause has been included in several high value contracts such as the removals and ordinary maintenance contracts. Definition of a final policy on this issue is pending.
<ul style="list-style-type: none"> <li>Policies on third parties found to have engaged in fraudulent, corrupt, coercive or collusive practices failing to cooperate in investigations of such <ul style="list-style-type: none"> <li>i) Sanctioning guidelines.</li> <li>ii) Guidelines on referrals of third parties' activities to national jurisdictions.</li> </ul> </li> </ul>	AUD-LEG consultancy	In progress. UN-wide model policy framework for vendor eligibility endorsed by HLCM	Framework endorsed by CEB. Agencies requested to take the necessary steps to implement through their own internal policies and procedures and report back on adoption to the HLCM
<ul style="list-style-type: none"> <li>Public disclosure of procurement policies and awards</li> </ul>		GEF and EU projects disclosed on Internet.	<input checked="" type="checkbox"/> Procurement actions exceeding USD 100,000 for HQ and field

			offices for 2010 have been published in FAO's public internet site as vendor agreement to publish are obtained (all but two were published as of July 2011). The data for the first six months of 2011 will be published in Sept 2011 and will be maintained quarterly
<b>PROMOTION OF ETHICAL BEHAVIOUR</b>			
8) Code of Ethics	GEF fiduciary standards	<input checked="" type="checkbox"/> Standards of Conduct of International Civil Servants.	
9) Establishment of an Ethics function	JIU2010/3;GEF fiduciary standards		
<ul style="list-style-type: none"> <li>• Ethics Office</li> </ul>		<input checked="" type="checkbox"/> In establishment phase (IPA action).	
<ul style="list-style-type: none"> <li>• Ethics Committee</li> </ul>		In progress (IPA action).	ToR and composition approved by Governing Bodies. The Director-General will present to the CCLM and Finance Committee, during their fall 2011 sessions, candidates from academia and the private and public sector for appointment of three external members.
10) Financial disclosure system	GEF fiduciary standards		

<ul style="list-style-type: none"> <li>• Policy</li> </ul>		<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> <li>• procedures</li> </ul>		in progress	Pilot Phase - Financial Disclosure Questionnaires were filed by 60 staff members by 8 July 2011- Review by Ernest & Young schedule to start in September 2011. Launch for all concerned staff members scheduled for 2012.
11) Harassment Policy (sexual harassment and other forms of harassment)		<input checked="" type="checkbox"/>	
<b>INTERNAL AUDIT</b>			
12) Independent internal audit function, applying international IA standards	GEF fiduciary standards	<input checked="" type="checkbox"/> subject to 5 yearly external review, next due 2012	
13) Risk-based internal audit planning		<input checked="" type="checkbox"/> implemented IPA action	
<b>AUDIT COMMITTEE</b>			
14) Establishment of Audit Committee to advise and monitor internal oversight activities	International IA standards;JIU 2006/2		
<ul style="list-style-type: none"> <li>• External membership</li> </ul>		<input checked="" type="checkbox"/> Implemented IPA action	
<ul style="list-style-type: none"> <li>• Terms of Reference</li> </ul>		<input checked="" type="checkbox"/> being reviewed	Completion of current review planned for end of 2011, to take account of related UN System internal audit survey results.
<ul style="list-style-type: none"> <li>• Oversight of work plans and budget of internal audit and investigation functions</li> </ul>		<input checked="" type="checkbox"/>	
<b>EVALUATION</b>			
15) Independent professional evaluation function, reporting to	GEF fiduciary standards	<input checked="" type="checkbox"/>	

governing body, with public disclosure of reports			
<b>INVESTIGATION FUNCTION</b>			
16) Establishment of a dedicated Investigation Unit within AUD which follows international investigation standards, including authority to independently initiative investigations	JIU2006/2;GEF fiduciary standards; International Investigation Guidelines	<input checked="" type="checkbox"/> in general, for specific elements see below	
<ul style="list-style-type: none"> <li>Recruitment of professional investigation staff</li> </ul>	AUD-LEG consultancy	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> <li>Policy on investigator access to IT resources</li> </ul>	AUD-LEG consultancy	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> <li>Investigation Guidelines adopted and published</li> </ul>	AUD-LEG consultancy; International Investigation Guidelines	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> <li>Investigation Unit infrastructure (case management system, physical and electronic security)</li> </ul>	AUD-LEG consultancy	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> <li>AUD internet site contains information on investigation function and contact for reporting concerns</li> </ul>	AUD-LEG consultancy	<input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> <li>Peer review of operations</li> </ul>	International Investigation Guidelines	planned for 2012	In view of JIU review in 2011, and an audit QA in early 2012, this will be scheduled for late 2012.
<ul style="list-style-type: none"> <li>Modality to investigate allegations against Executive Head</li> </ul>	JIU 2010/3	CEB supported this, noting this is a matter for the governing bodies	
<b>ANTI-FRAUD AND CORRUPTION MECHANISMS</b>			
17) Policy on Fraud and the Improper Use of the Organization's Resources	GEF fiduciary standards	<input checked="" type="checkbox"/>	
18) Hotline for reporting concerns	GEF fiduciary standards	<input checked="" type="checkbox"/>	

19) Whistleblower Protection Policy	JIU 2006/2; GEF fiduciary standards	<input checked="" type="checkbox"/>	
20) Periodic review of effectiveness of hotline, investigation and whistleblower protection	GEF fiduciary standards	Will be included in investigation peer review planned for 2012	Implementation of whistleblower protection policy will be reviewed early 2012 for reporting back to CCLM and Finance Committee Spring 2012 sessions, as requested when current policy was approved.
21) System of internal administration of justice – disciplinary procedures and measures	AUD-LEG consultancy	<input checked="" type="checkbox"/> aspects subject to further consideration	A review of elements of the disciplinary procedures and measures was completed in 2011. A broader review in 2012 is under consideration.
22) Public reporting on the results of investigations and disciplinary actions	AUD-LEG consultancy	<input checked="" type="checkbox"/> (AUD annual report, biennial Admin Circular)	
23) Ongoing communications with FAO personnel concerning ethics, fraud and corruption, investigation and sanctions.	AUD-LEG consultancy	<input checked="" type="checkbox"/> but subject to ongoing effort/improvement	CSAP-AUD prepared Guidelines on Fraud and Collusion in Procurement to provide guidance to staff and these have been issued over June-August 2011 in English, French and Spanish.