



ANNUAL ACCOUNTABILITY REPORT OF THE INTERNAL OVERSIGHT OFFICE (IOO) FOR 2019

(1) The annual programme of work for 2019 contained seven (7) planned engagements. The following table summarizes the implementation of the plan of work for 2019:

<i>Engagement Code</i>	<i>Subject</i>	<i>Status</i>	<i>Report</i>	<i>Rating</i>	<i>Issue Date/Comments</i>
2019-IAS-01	Accounts Payables	Issued	2019-05	Some Improvement Needed	6-Oct-2019
2019-EPAS-01	Gender Policy Implementation	Issued	2019-01	Satisfactory	09-Apr-19
2019-IAS-02	Afghanistan Project	Issued	2019-03	Satisfactory	09-Sep-19
2019-IAS-03	Procurement Process	Issued	2020-01	Satisfactory	06-Feb-20
2019-IAS-04	Human Resources	Postponed to 2020	–	–	—
2019-IAS-05	Oracle Enhancements	Issued	2019-02	Major Improvements required	29-Apr-19
2019-IAS-06	Regional Offices	Issued	2019-04	Satisfactory	14-Jun-19
2019-CONS-01	Language Services	Issued	2019-06	NA	24-Oct-19 (From 2020)

(2) **Change to plan of work 2019.** Based on the risk assessment for annual planning for 2020, IOO had proposed an engagement on “Language Services” in the plan of work for 2020. Considering the ongoing restructuring of the Secretariat, management requested to conduct this review in 2019 itself, to provide an input into the reorganization of the LSP department. IOO has therefore undertaken the review of “Language Services” as a consulting engagement in 2019 and postponed the audit of “HR processes” to 2020. The change was reviewed by the AC-33 and approved by the SG.

(3) **Completion of plan of work 2019.** All seven engagements were completed, and final reports were issued (one in 2020). Thus, the plan of work for 2019 was satisfactorily completed.

(4) **Other activities.** IOO continued to provide support to JIU in conducting its reviews and coordinated responses on their reports to the Joint Inspection Unit (JIU) and Chief Executives’ Board (CEB). JIU recommendations were followed up and reports submitted to the Audit Committee and the Executive Council. D/IOO also handled the administration of the financial disclosure scheme in WMO as assigned. Effective January 2020, the WMO staff regulations and rules have been amended in respect of the internal justice system. IOO has been assigned the responsibility of conducting an “administrative review” of contested decisions in the first instance. IOO is undertaking these engagements as “consulting” engagements. Appropriate changes to the plan of work for 2020 will be submitted along with the plan of work for 2021.

Internal Oversight Office's Opinion on Internal Controls – 2019

(5) Management is responsible for ensuring a sound system of internal control that supports the achievement of the Organization's objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

(6) Internal Oversight Office is responsible for providing an independent and objective assurance on the system of internal controls.

(7) The purpose of the annual opinion is to contribute to the assurances available to the Secretary General to underpin the statement of internal control. The opinion expressed does not imply that IOO has reviewed all risks and assurances relating to the organisation.

(8) This opinion presents an overall assessment of the systems of governance, risk management, and internal control, in WMO including a comparison with the prior year where applicable. It is based upon:

- (a) The results of internal oversight engagements completed during the year and ongoing, including assessment of the framework and processes for the management of risk;
- (b) The results of external oversight exercises undertaken by the external auditor, Joint Inspection Unit, etc.;
- (c) Prior audit results and corrective actions taken and reported by management.

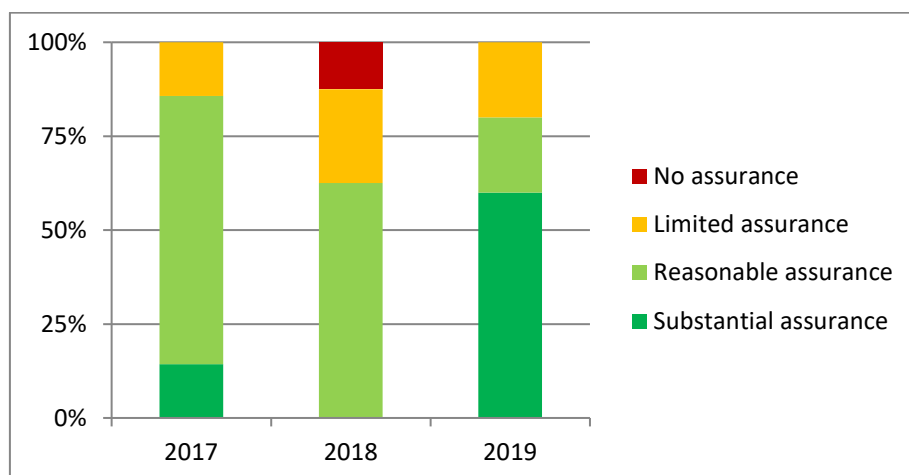
(9) The internal audit work in 2019 was conducted in conformity with the International Professional Practices Framework for Internal Auditing of the IIA. There was no impairment to independence or objectivity in the conduct of internal oversight activities during the year.

Opinion

Based on the findings in the engagements from IOO's programme of work for 2019, and the review of risks and assurances from other assurance providers, IOO can provide reasonable assurance on the system of internal controls operating during 2019. The key issues that merit further attention are given in the following paragraphs.

Assurance from IOO engagements

(10) IOO uses a four-tier rating scale for the Internal Audit reports to classify them according to the observed risk levels in the processes reviewed, since 2016. The following chart depicts a trend of ratings given to IA reports.



Key Issues

- (a) Progress has been made in pursuing gender equality and mainstreaming in WMO. While a fit for purpose institutional framework has been created, efforts are still needed to ensure that gender parity in the grades of P5 and above is achieved.
- (b) Consideration should be given to introduce gender markers in budget and expenditure data in the ERP system. This would help in manifesting and monitoring the resource allocation for this priority.
- (c) About half of the investment in Oracle Enhancement project did not yield the envisaged benefits. Inadequate consideration of human resources and competencies needed for implementing projects based on new technologies was a contributing factor in limiting the benefits. The lessons learnt should be applied to future projects to ensure that they lead to the intended benefits.
- (d) The activities of the Regional Offices in the Americas are found to be in line with the WMO Strategic and Operating Plans. Nonetheless, there is a need to clearly define the role and expected involvement of the Offices in the context of the UN country team efforts to ensure that they can achieve their established objectives.
- (e) There are opportunities to optimize the controls in accounts payable processing by adhering to the standard procure to pay process and leveraging the automated controls offered by the Oracle ERP system.
- (f) The declining demand for language services (translation, editing etc.) and increasing maturity of machine translation presents an opportunity for efficient use of resources.
- (g) WMO Secretariat structure is being restructured since the second semester of 2019 following the change in constituent body structure. Five new departments were created and Directors heading these departments were recruited in 2019.
- (h) Consequent to the move to the UNAT, the internal justice system of the Secretariat was noted to have gaps as brought forth by consideration of a case in United Nations Appeals Tribunal (UNAT). Since January, WMO has now joined the jurisdiction of UNDT as well to address the issue. Staff regulations and rules were changed in May-2020 with the approval of President to reflect the concomitant changes in the appeals process.
- (i) WMO's Strategic Plan includes the risks to organizational objectives. At the operational level systematic risk identification is missing (the position of risk management officer remained vacant for 2019), resulting in an uncertainty as to whether all significant risks will be identified and managed. (The risk management responsibilities have been assigned to Monitoring, Evaluation and Risk Management Unit since December-2019).

RESULTS OF ENGAGEMENTS

Standards of Practice

(11) Assurance engagements (Internal Audit, Performance Audit and Inspections) are conducted in conformance with the International Professional Practices Framework of the IIA. Investigations are taken as per the "Uniform Guidelines for International Investigators." Evaluations are conducted as per the UNEG Norms and Standards.

(12) The internal audits were rated in accordance with IOO's rating criteria which considered the significance of results, including reportable deficiencies. The following ratings have been in effect during 2019:

Effective/Satisfactory	<p>The assessed <<governance arrangements, risk management practices and controls>> were adequately << established and functioning well/ designed and operating effectively >> to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>Issue(s) identified by the audit, if any, do not affect the achievement of the objectives of the audited entity/area.</p>
Some Improvement Needed	<p>The assessed <<governance arrangements, risk management practices and controls>> were adequately << established and functioning well / designed and operating effectively >> but need some improvement to provide reasonable assurance that the objectives of the audited entity/ area should be achieved.</p> <p>Issue(s) identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.</p> <p>Management action is recommended to ensure that identified risks are adequately mitigated.</p>
Major Improvement Needed	<p>The assessed <<governance arrangements, risk management practices and controls>> were generally << established and functioning / designed and operating >> but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.</p> <p>Prompt management action is required to ensure that identified risks are adequately mitigated.</p>
Ineffective/Unsatisfactory	<p>The assessed <<governance arrangements, risk management practices and controls>> were <<not adequately established and not functioning well / not adequately designed and not operating effectively>> to provide reasonable assurance that the objectives of the audited entity/area should be achieved.</p> <p>Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.</p> <p>Urgent management action is required to ensure that the identified risks are adequately mitigated.</p>

SUMMARY SCOPE AND FINDINGS

Report 2019-01 – Gender Equality and Mainstreaming- “Satisfactory”

(13) IOO conducted an audit of Gender Equality and Mainstreaming in WMO as per its plan of work for 2019. The Audit reviewed the institutional framework, progress in implementation of gender action plan and gender equality and WMO reporting on UN SWAP indicators.

(14) The Audit noted that a fit-for-purpose institutional framework has been created which includes an EC – panel which supports the gender activities – through formulating and monitoring the gender action plan and progress in achievement of priority actions. The gender policy is in place, reviewed and updated periodically. Gender aspects are integrated in the strategic planning process for the Financial Period (FP) 2015-19 and in the proposals for FP 2020-23. Women’s participation in some constituent body meetings is on the increase, and gender issues are being systematically included in the agenda of constituent body meetings, etc. WMO met or exceeded requirements in 73 percent of the UN SWAP indicators in 2017.

(15) Efforts are required towards achieving gender parity in the grades of P5 and above. Consideration should be given to introduce gender markers in budget and expenditure data.

Report 2019-02 - Post Implementation Review of Oracle Enhancements - “Major Improvement Needed”

(16) IOO conducted a post implementation review of the “enhancements” made to the Oracle E-Business Suite since 2015. The objective of the review was to assess benefit realization and identify lessons learnt for future IT projects. The “enhancements” were implemented through reconfiguring the existing modules as well as adding new modules/applications of Oracle Time and Labour, Planning Budget and Cloud Services and Financial Accounting Hub.

(17) Audit found that more than 50 percent of the investment in the enhancements has not been fruitful. While the enhancements made through fine-tuning of the existing installation is by and large successful, the solutions based on new modules/technologies have had less success. The following were identified as the main underlying causes:

- (a) The solutions/technologies implemented were not appropriate for the business processes they were supposed to support;
- (b) Business needs were not properly understood before embarking on the technology solution, which sometimes lacked the required functionalities/features;
- (c) Staff resources required were not adequately assessed.

(18) Overall the ERP enhancement programme was not able to deliver the required benefits with more than 50 percent of the expenditure not delivering any results. Inability to successfully implement new modules and technologies raises concern about capacity.

Report 2019-03 WMO Offices in AMERICAS – “Satisfactory”

(19) IOO undertook an audit of the Regional Office for the Americas and the WMO Office for North & Central America & the Caribbean (The Offices), per its approved work plan for 2019.

(20) The audit reviewed the design and effectiveness of controls over the operations, administration and financial management of the Offices. The audit obtained feedback from the external stakeholders on the quality of support received from and/or the collaboration with the Offices.

(21) Overall, the review concluded that the activities of the Offices are in line with the WMO Strategic and Operating Plans. The controls over operational activities provide assurance that they follow rules and procedures. Further improvement can be made in clear enunciation of role and expectation of the offices in UN country team efforts. Guidelines on the operation of the field offices need to be developed and applied.

Report 2019-04 Afghanistan Project – “Satisfactory”

(22) IOO conducted an audit of Afghanistan Early Warning System (EWS) Project, as per its approved plan of work for 2019. The project was funded by the USAID/OFDA for US\$ 2.36 million, as part of an overall grant agreement totalling US\$ 15.6 million and was implemented from Dec-2015 to Mar-2019.

(23) The WMO project resulted in establishing a functioning meteorological service in Afghanistan, integrated the observation network and connected it to global observations network (GTS/WIS).

(24) Overall, the audit concluded that the Afghanistan EWS project has been implemented successfully. One of the key success factors was that WMO was able to closely engage with the Afghanistan Meteorological Department (AMD) who took ownership of the Project. WMO had a good understanding of the culture and local conditions and skilfully implemented an approach tailored to the reality and needs of the AMD.

Report 2019-05 Internal Audit – Accounts Payable - Some improvement Needed

(25) IOO reviewed the Accounts Payable process in FIN as per its approved plan of work 2019. The scope of the review was the process after receipt of invoice in Finance Division to the approval of payment. The audit sought to evaluate the process for efficiency and effectiveness of controls. The review did not cover payroll payments and disbursement process.

(26) Overall IOO concluded that the invoices were processed accurately and in compliance with the rules and regulations. However, there are opportunities to optimize the controls by adhering to the standard procure to pay process and leveraging the automated controls offered by the Oracle ERP system.

Investigations/Fact Finding

(27) During the year 2019, IOO received one complaint/request for fact-finding. The case was promptly handled, and report was submitted to the management.

FOLLOW-UP OF RECOMMENDATIONS

(28) The internal audit activity must establish a follow-up process to monitor recommendations issued and ensure that management actions on them have been effectively implemented. IOO conducts a biennial follow-up of its recommendations.

(29) There are 111 recommendations in the follow-up database. Based on the outcome of the follow-up 90 were adjudged implemented. The year wise status of recommendations in the follow-up database is given in the table below:

Year	Implemented		Open		Total
2019	9	39%	14	61%	23
2018	22	81%	5	18%	27
2017	20	91%	2	9%	22
2016	39	100%	-	-	39
Totals	90	81%	21	19%	111

Table 1 - Implementation of Recommendations

(30) The following chart shows the trend of implementation rate as reported to the sessions of the Audit Committee.

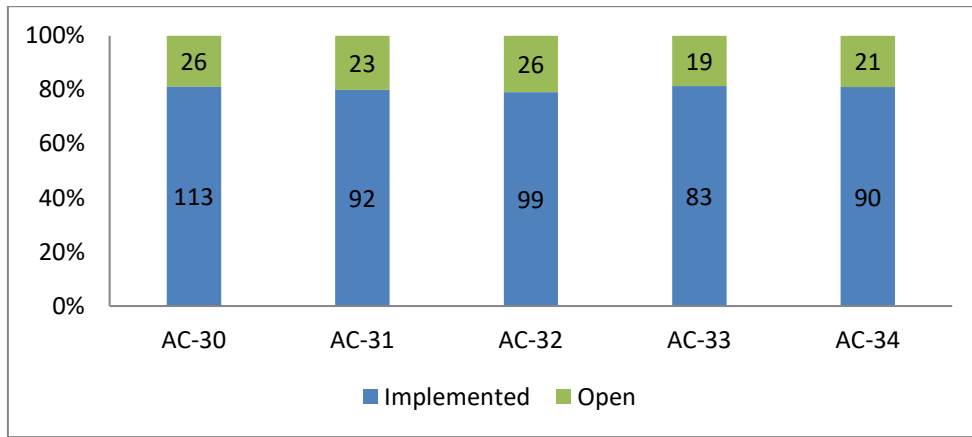


Figure 1 - Trend of Implementation rate for IOO recommendations

(31) The overall implementation rate is 81%. There are 21 recommendations which are open and their aging analysis (as of April 2020) is given in the chart below:

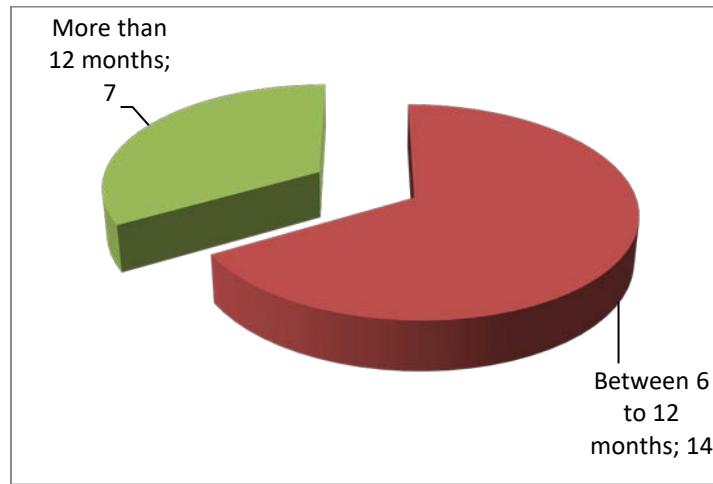


Figure 2 – Age Analysis of Open Recommendations

OTHER IOO ACTIVITIES

Quality Assurance and Improvement¹

Internal Assessments

(32) *Standard 1311- The internal assessments must include: Ongoing monitoring of the performance of the internal audit activity; and periodic reviews performed through self-assessment.*

(33) IOO has institute a process by which an internal assessment is carried out by the Senior Internal Auditor, reviewed by D/IOO and submitted to the management/Audit Committee through the progress report. The assessment focuses on the areas of partial conformity to the standards noted by the previous external QAR.

(34) IOO monitors the performance of engagement on an ongoing basis through automated tools in the Audit Management System, including monitoring of engagement resources and schedules, acceptance and implementation of recommendations and formal/informal client satisfaction surveys. In addition, IOO benchmarks its internal audit activity with similar organizations through GAIN² (a part of Audit Intelligence Suite since 2017) benchmarking survey every year.

External Assessments

(35) *Standard 1312- External assessments must be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization.*

(36) The 2nd external QAR of IOO was completed in March-2015. The assessment gave IOO a "Generally Conforms" rating. The next external QAR is due to be undertaken in 2020. However, due to disruptions caused by CoVid-19 pandemic, the external QAR is postponed to 2021.

Training and Outreach

(37) Subject to the availability of budget, IOO endeavours to provide training for continuing professional education and up-gradation. The following trainings/outreach were conducted in 2019:

- (a) UN-RIAS, August-2019, Montreal, Canada – Director, IOO
- (b) UN-RIS, November, Geneva – Director, IOO; Senior Internal Auditor; and Internal Oversight Assistant

¹ Standard 1300 – The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity

Interpretation - A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The quality assurance programme must include both internal and external assessments.

² The Global Audit Information Network® (GAIN) Benchmarking Tool allows benchmarking of internal audit activity by comparing the audit department's size, experience, and other metrics against the averages of similar organizations in peer groups.

- (c) "Auditing Ethics, Culture, Conduct and Reputational Risk" by the MIS Training Institute, November, Geneva, Switzerland – Director, IOO and Senior Internal Auditor
- (d) "Lie-Detection" and 4th Conference on Ethics & Governance by the Association of Certified Fraud Examiners, November (planned), Geneva, Switzerland, - Director, IOO; Senior Internal Auditor; and Internal Oversight Assistant

Coordination with the External Auditors

(38) Continued cooperation was maintained with the Swiss Federal Audit Office (SFAO) – the external auditor of WMO. IOO continues to routinely share the assurance reports, risk assessments and work-plans with the external auditor.

(39) IOO provided the requested inputs to the external auditors in identification of topics for performance audit.

INTERNAL OVERSIGHT RESOURCES

(1) As of the date of this report IOO has two professional staff (D/IOO and Senior Internal Auditor) and one general service staff (Internal Oversight Assistant). Details of IOO Staff are given in the table below:

Title	Name	Grade	Qualifications	EOD	Nationality
D/IOO	Mr. A. Ojha	D-1	CIA/CISA/CRMA	1 Mar 2013	India
Sr. Internal Auditor	Ms. P. Ralijemisa	P-5	CIA	14 February 2014	Madagascar
IO Assistant	Mr. L. Courtial	G-6	CFE	14 Aug 2006	France

(2) The total non-post resources allocated to the head "Internal Oversight and other Oversight Provisions" was CHF 214 000 in 2019 (276 000 in 2018). The utilization is shown in the table below:

ITEM	EXPENDITURE (CHF)
EXTERNAL AUDIT & RELATED EXPENSES	140 000
JOINT INSPECTION UNIT	18 000
STAFF MISSIONS	26 000
INTERN	10 000
OPERATING EXPENSES	20 000

(3) Overall, the resources were adequate for conduct of oversight activities in the year.