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2020 Internal Audit, Management Services and Investigations Report

Report by the Director of the Office of Internal Oversight Services

1. This report to the Programme and Budget Committee (PBC) provides a summary of the activities conducted by the internal audit, management services and investigations functions of the Office of Internal Oversight Services (OIOS) in 2020. Set alongside the separate report on programme evaluation (document GOV/2021/13), this provides the PBC with a broader picture of the Office's work, and also shows how the different functions within OIOS are working together to maximize the impact of internal oversight activities in providing assurance and facilitating improvement across the Agency.
2. Internal audit provides independent and objective assurance on the adequacy and effectiveness of governance, risk management and internal control processes for the Agency's programmes, processes and activities. OIOS audits are conducted in line with a risk-based plan, in conformance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA).
3. In line with its Charter, OIOS also provides independent and objective advisory and consulting services to the Secretariat to help it enhance the Agency's programme performance and operations. To this end, the OIOS management services function uses the systematic application of knowledge, expertise and techniques to help managers improve how they manage their activities within the areas under review.
4. In addition, OIOS carries out special inquiries and investigations when there are indications that the Agency's regulations, rules, policies and/or administrative instructions may have been violated, or where other irregularities in activities may have come to light. The results are used to help management take timely corrective steps, including disciplinary action where appropriate and recovery of any losses where this is possible. An important part of the investigations function's role is also to help management to strengthen controls and processes to prevent a future recurrence of any failures that allowed misconduct to happen, and this is an area that continued to be strengthened during 2020.

5. This annual activity report comprises eight parts: Part A presents an overview of the budget and staffing for internal audit, management services and investigations; Part B describes the organizational independence of the internal audit function; Part C summarizes the main objectives, findings, conclusions and recommendations of the audits completed in 2020; Part D highlights the main cross-cutting issues resulting from audit work in 2020; Part E provides information on the work conducted by the Office's investigations function in 2020; Part F describes other activities conducted by OIOS during the year, including management services; Part G shows the status of implementation of internal audit recommendations; and Part H presents the internal audit work plan for 2021.

A. Budget and Staffing

6. Expenditures in connection with internal audit (IA), management services (MS), investigations (IF) and the Director's office (DIR) amounted to €1 912 717 during 2020, as shown in Table 1 below. Evaluation costs are detailed separately in the programme evaluation report to the PBC. The OIOS financial utilization was 88% for 2020.

TABLE 1. 2020 EXPENDITURES (IN EUROS) ON INTERNAL AUDIT, MANAGEMENT SERVICES AND INVESTIGATIONS

Category	Staff costs	Travel	Contracts/ Consultants	Other costs	Total
DIR expenditures	184 652	1 404	2 020	65 846	253 922
IA expenditures	475 234	20 011	41 505	61 962	598 712
IF expenditures	216 059	5 719	111 265	(3 432)	329 611
MS expenditures	617 040	4 039	101 250	8 143	730 472
Total	1 492 985	31 173	256 040	132 519	1 912 717

7. The OIOS internal audit function consists of six staff positions, all of which are at the Professional level. The investigations function consists of two Professional posts. During 2020, to address the increasing demands from the Secretariat for advisory support, the OIOS management services function further increased its staff complement from three posts at the Professional level to four. Whenever needed, OIOS complements or supplements its internal audit, management services and investigations capacities with external consultancy support. Finally, OIOS also has three General Service staff members who provide administrative and other support.

8. OIOS auditors, management specialists and investigators possess relevant international certifications and have previously worked in the United Nations system, non-governmental organizations and/or the private sector. They have a wide range of experience, particularly in the areas of finance, risk management, internal control, governance, information technology (IT), management, business process analysis and improvement, fraud and investigations. Staff members in these functions regularly undertake relevant professional development to keep their knowledge and skills up to date and to meet the continuing education requirements of their professional certifications.

B. Organizational Independence of the Internal Audit Function

9. In accordance with IIA Attribute Standard 1110, the Director of OIOS must report to a level within the organization that allows the internal audit activity to fulfil its responsibilities, and must confirm to the Board of Governors, at least annually, the organizational independence of the internal audit activity.

10. During the 2020 reporting period, OIOS remained free from external influence and continued to operate with independence. The Director of OIOS reports directly to the Director General. The Office has direct and unrestricted access to the Agency's senior management and to the Board of Governors, and its professional judgement has not been compromised or subordinated to others.

C. 2020 Audit Plan — Summary of Results

11. The approved 2020 OIOS work plan included 15 internal audits. By the end of the year, 13 audits had been completed, including three Country-level Evaluation and Audits (CLEAs) and the synthesis/regional review exercise. In line with good oversight practice, the work plan was formally revised during the year to ensure it remained appropriate to the Agency's needs and circumstances, and a mid-year update was presented to the Director General. Two of the CLEAs from the original plan (Senegal and Zambia) had to be cancelled due to constraints caused by the COVID-19 pandemic, while the planned audit of the operations of the Department of Safeguards was deferred until 2021 for similar reasons. During the year, two new audits were added to respond to the Agency's changing risk profile — an audit of the Agency's response to the pandemic through technical cooperation (TC) project INT0098 "Strengthening Capabilities of Member States in Building, Strengthening and Restoring Capacities and Services in Case of Outbreaks, Emergencies and Disasters", and an ad hoc audit of the Commissary — and one further audit (of low value purchasing) was deferred until 2021, as it was deemed to be a lower priority exercise.

12. The majority of internal audits completed in 2020 were conducted by OIOS staff. In some cases, assistance was provided, under OIOS's supervision, by external technical experts with the specific knowledge and skills to perform the assignments in line with IIA Attribute Standard 1200 on proficiency and due professional care.

13. For 2020, OIOS has adopted a four-rating scale to replace the three-rating system used formerly. Given that audit ratings normally tend towards the middle category on a three-point scale, using four ratings helps OIOS to more precisely define the maturity and effectiveness of governance, risk management and internal control within the area or system under audit. The new ratings are as follows: 'effective' (previously 'satisfactory'); 'some improvement needed' and 'major improvement needed' (together previously 'improvement needed'); and 'not effective' (previously 'unsatisfactory').

14. Summarizing the ratings of the 2020 audits (as set out in more detail in the following section), one audited area was rated as 'effective', five as 'some improvement needed', and one as 'major improvement needed'. No audited areas were rated as 'not effective' in 2020. (This compares with one 'unsatisfactory' rating in each of the two preceding years.)

15. The Office continued to review its methodologies and internal processes to maximize the efficiency and effectiveness of its operations, and in particular to increase the relevance and pace of delivery of assurance. Additional details are presented in section F below.

16. The following summaries provide an overview of the objectives, main findings, conclusions and recommendations of the internal audits finalized by OIOS for 2020.

C.1. Internal Audits

C.1.1. Operational Review of the Transport and General Support Section

17. The objectives of this assignment were to facilitate a high-level mapping of selected services within the Transport and General Support Section (TGSS) of the Division of General Services, and to identify obstacles to, and opportunities for, increased operational effectiveness and efficiency in service delivery.

18. OIOS's mapping and review of business processes noted that there is potential for improving operational performance, including by automating manual steps to replace physically performed activities with digital services, and streamlining and redesigning processes supported by TGSS. In particular, OIOS found that opportunities existed to improve service efficiency by further integrating and increasing the performance of the IT systems used in TGSS.

19. As this was an operational review, no audit rating was awarded to this area and there are no formal audit recommendations.

C.1.2. Audit of the Low Enriched Uranium Bank Project

20. The objective of this audit was to assess the compliance of the Low Enriched Uranium (LEU) Bank project with the Agency's regulations and rules, and the comprehensiveness and effectiveness of governance, risk management and internal controls within the project. This audit was part of a series of internal audits which have been conducted by OIOS on the LEU Bank since its inception.

21. OIOS positively notes that the Agency has successfully delivered a unique, complex and multi-year project, with the LEU Bank becoming operational on 17 October 2019. This milestone completed a process initiated in November 2010 with the decision by the Board of Governors to establish an LEU Bank managed by the Agency, which included setting up a legal framework, building a facility to store low enriched uranium compliant with relevant safety and security standards, and procuring and transporting the low enriched uranium to the storage facility. As of the end of March 2020, total project expenditures amounted to €73.2 million.

22. The audit found that the LEU Bank project team had put in place good management practices for the project, including a formalized project management structure, a risk management process and an effective mechanism to safeguard the neutrality of the project vis-à-vis the Agency's Regular Budget as required by document GOV/2010/67.

23. OIOS reviewed the procurement process that led to the acquisition of low enriched uranium for a total amount of around €59 million. Based on the audit work conducted, no deviations from the Agency's regulations and rules were noted.

24. The audit identified room for improvement in a number of areas: strengthening the audit trail to better support the rationale behind decision-making in each step of the procurement process; improving the processes for managing potential or actual conflicts of interest; and developing formalized criteria and standardized reporting mechanisms for one-off projects such as the LEU Bank to inform stakeholders in a more systemic and consistent way on progress, changes and deviations from project and financial plans. Given that the project was complete, no recommendations were made, although OIOS provided advice to the Secretariat on how to improve the management of similar projects which may be undertaken by the Agency in the future.

25. Based on the work conducted, OIOS rated the level of governance, internal controls and risk management as **'some improvement needed'**.

C.1.3. Audit of the Renovation of the Nuclear Applications Laboratories (ReNuAL and ReNuAL+) Projects

26. OIOS undertook an audit of the Renovation of the Nuclear Applications Laboratories (ReNuAL and ReNuAL+) projects. The objectives of the audit were to assess whether a clearly defined and documented project strategy was being implemented; effective project governance, project management frameworks and internal controls were in place; project activities and outputs were being delivered on time and within budget; and there was compliance with the Agency's regulations and rules.

27. OIOS positively noted that the project team, under challenging circumstances, had successfully completed the modernization of four laboratories as well as the upgrade of a fifth, which will substantially increase the Secretariat's ability to support Member States through the provision of research, analytical and technical cooperation work in fit-for-purpose facilities. These facilities are considered a flagship of the Agency, and they are being utilized as an effective visibility and outreach tool. Furthermore, the management of the ReNuAL and ReNuAL+ projects mobilized a significant amount of financial resources through a proactive engagement with traditional and non-traditional donors; the total value of allotments to the two projects was €55.7 million.

28. The audit identified a number of issues:

- The Secretariat's project governance structure and management tools required increased formalization, specifically in having clearer roles and responsibilities, reporting lines and decision-making mechanisms within the projects, as well as formally documented monitoring and reporting, and risk management processes;
- There was a need for improved mechanisms to appropriately manage actual or perceived conflicts of interest;
- Staff members with the necessary technical skills (e.g. civil engineering) were not available throughout the whole project duration, which could adversely impact quality control; and
- While the renovation of the laboratories has resulted in an increased infrastructural and financial footprint, the cost estimates developed based on the methodology existing at the time and the evolving project requirements did not enable a comprehensive consideration of the ongoing operation, maintenance and decommissioning of the laboratories from a 'total cost of ownership' perspective.

29. OIOS issued a number of forward-looking recommendations to strengthen governance and internal controls for future Agency projects of a similar nature, including for the potential continuation (phase three) of the modernization and expansion of the Agency's laboratories.

30. OIOS rated the level of governance, internal controls and risk management as '**some improvement needed**'.

C.1.4. Audit of Licence Management

31. OIOS performed an audit of the systems for managing the Agency's software licences, with the objective of reviewing the utilization of the software licences against entitlements, reviewing compliance with the vendor licensing terms, and identifying the potential for optimization of used licences and reduction of operational costs.

32. The audit used external tools to survey the software in use and match it to licensing in place. It identified the need to better manage the licences held by the Secretariat, and made recommendations to

ensure that the Agency is not under- or over-licensed in future. OIOS made recommendations to address these issues.

33. Based on these findings, OIOS rated the level of governance, risk management and internal controls as **'some improvement needed'**.

C.1.5. Security Testing of Agency Networks and Systems

34. OIOS reviewed the security of the Agency's internal network and of certain selected applications.

35. The audit identified a number of issues, and OIOS rated the level of governance, risk management and internal controls in this area as **'major improvement needed'**. The Secretariat was already taking steps to remediate these issues before the completion of audit fieldwork, and OIOS will be carrying out further testing to provide assurance that the remediation was successful.

C.1.6. Audit of Representation and Hospitality

36. OIOS audited the Agency's representation and hospitality processes. The objectives of this audit were to provide assurance on the effectiveness of risk management, governance and internal control mechanisms over expenses incurred as official hospitality and representation; and to determine the overall degree of compliance with the applicable Agency regulations and rules.

37. On the basis of the audit work conducted, OIOS found that the sample of representation and hospitality transactions examined had been processed in compliance with the applicable regulations and rules, and in support of the Agency's programmatic activities.

38. However, the audit also found that the policies and procedures in place needed to be strengthened to ensure the consistent processing and documenting of hospitality-related transactions across the Agency. This issue results from the very limited and high-level central guidance available in the current regulations, which means that Departments have generated their own procedures over time, and from a process that is very dependent on manual steps. OIOS also identified that beyond individual transactional-level approvals, there are no other management controls operated at regular intervals to provide overall assurance as to regulatory compliance, or to assess the continued validity of policy provisions.

39. Overall, OIOS rated the level of governance, risk management and internal controls as **'some improvement needed'**.

C.1.7. Ad Hoc Audit of the Commissary

40. OIOS performed a limited-scope ad hoc audit of the Vienna International Centre (VIC) Commissary. The main objective of this audit was to provide assurance on the effective operation of internal controls and other mechanisms for managing specific key risks to the Commissary during the COVID-19-related lockdown of the VIC. OIOS also took the opportunity to perform a preliminary review of the Commissary-related planning for the return to the VIC.

41. The audit revealed a number of significant issues, including weaknesses in business continuity planning and management, problems with accessing IT systems during the lockdown (and continuing issues relating to the Commissary IT systems more widely), poor inventory control, and weaknesses in control over cash holding. While the auditors noted that management had already started discussions as to how the Commissary could operate successfully once the lockdown was eased, there was a need to progress these preparations more urgently, including fully assessing and properly mitigating both the immediate and potentially protracted financial implications of COVID-19 on the Commissary.

42. As this was an ad hoc audit with a limited scope, OIOS did not issue an audit rating. However, given the significant weaknesses noted and the fact that the preceding audit of the Commissary had issued an ‘unsatisfactory’ rating, OIOS will be carrying out an on-site follow-up during 2021 to provide assurance that the issues identified have been properly addressed.

C.1.8. Audit of the Use of Non-Staff Personnel

43. This audit examined the Secretariat’s use of personnel other than staff members (hereinafter referred to as ‘non-staff personnel’) in delivering its activities. The scope of the audit included consultants, experts, interns, contingent workers (contracted through companies), and cost-free experts of type B.

44. The objectives of the audit were to analyse the soundness of the regulatory framework related to non-staff personnel, and to assess the implemented controls to ensure that non-staff personnel are recruited and managed in support of valid programmatic needs and in line with the Agency’s policies, procedures and ethical standards.

45. OIOS was able to confirm that the usage of non-staff personnel was generally based on programmatic needs of the Agency and, with some exceptions, was aligned with the policies and procedures set out in the Administrative Manual.

46. At the same time, the audit identified the need to strengthen relevant Agency policies and practices in this area, including establishing appropriate control and monitoring mechanisms to prevent ‘engagement cycles’ in the context of the staff rotation policy; building on the increased scrutiny already introduced during 2020 by further strengthening controls over consultancies to help enhance value for money and ensure adherence to the regulatory framework; and introducing a reporting functionality that will help Secretariat Departments to more efficiently monitor the maximum tour of service and identify overlapping contracts of non-staff personnel.

47. OIOS also noted during the audit that female candidates were underrepresented in the categories of TC expert missions, consultancies of under 64 days and contingent workers, and suggested that the Secretariat should make additional efforts to increase the numbers of women in these categories while taking account of specific programmatic needs.

48. Overall, OIOS rated the level of governance, risk management and internal controls as ‘**some improvement needed**’.

C.1.9. Audit of the Agency’s Support to Member States in Respect of the COVID-19 Pandemic (TC Project INT0098)

49. The objectives of this audit were to assess the effectiveness of risk management, governance and internal controls in the management of COVID-19 extrabudgetary funds and activities through TC project INT0098, as well as compliance with the applicable regulatory framework.

50. As of November 2020, the Secretariat had accepted extrabudgetary contributions totalling €25 262 064 to respond to Member States’ needs related to the COVID-19 pandemic. Within the framework of project INT0098, between March 2020 and 11 November 2020, the Agency delivered procurement ‘packages’ with a total value of €14 905 578 (€20 088 148 when including transportation and other costs) to 126 Member States.

51. OIOS positively notes that, through project INT0098, the Secretariat successfully provided timely assistance to Member States in addressing their COVID-19 support needs. The audit found that the sample of contributions and procurement-related transactions examined had been processed in compliance with the applicable regulations and rules, and in support of the project activities.

52. The audit noted a number of factors that had played a fundamental role in facilitating the Agency's delivery of this undertaking under very challenging circumstances, including a pre-existing formalized TC project specifically tailored to respond to, inter alia, pandemic outbreaks; the drafting of an 'emergency procurement' policy with, inter alia, fast-tracked procurement procedures, and the finalization of blanket purchase agreements for the provision of the equipment most commonly used for emergency situations at the onset of the pandemic; the allocation of a cross-functional team from across the Secretariat that was in practice solely dedicated to this initiative rather than having also to balance other competing commitments; the generation of customized reports enabling proactive identification and resolution of issues along the supply chain, and the provision of timely information to key stakeholders; complementing the delivery of equipment with the provision of additional procurement-related documentation and guidance, as well as with webinars and training; and effective ongoing communication, internally within the project team as well as externally with recipient counterparts, Member State delegations and suppliers.

53. OIOS suggested that the Secretariat should formally review the lessons learned and good practices deployed in implementing this initiative, specifically considering whether these can be mainstreamed into regular 'day-to-day' project management activities, as well as further strengthening the Agency's preparedness in case of future emergencies.

54. Based on the above, OIOS rated the level of governance, risk management and internal controls as 'effective'.

55. The scope of this audit did not include evaluating the project's results. This will be the subject of an OIOS evaluation in 2021. In addition, the Agency had yet to undertake its reporting to donors at the time of this audit, so the audit was not able to provide assurance on that aspect of TC project INT0098.

C.2. Country-Level Evaluation and Audits

56. The following paragraphs summarize the results of the three CLEAs undertaken in 2020, as well as a regional review/synthesis report that consolidated cross-cutting findings noted by OIOS. CLEAs combine both audit and evaluation methodologies to provide a comprehensive assessment of the Agency's performance within a Member State. CLEAs consider the Agency's overall support to the Member State and primarily look at the extent to which the Agency's activities are aligned with national priorities and appropriately designed, and how far interventions achieve results and delivery mechanisms provide useful support.

57. CLEAs are undertaken by OIOS on a yearly basis, focusing on a single geographical region every year. In 2020, the regional focus was on Africa, and three countries were selected for assessment: Benin, Burkina Faso and Uganda. The detailed results of this work were presented by OIOS to the Technical Assistance and Cooperation Committee in November 2020. They are summarized in this internal audit annual activity report for completeness.

58. The CLEAs assessed the overall relevance of the Agency's focus on capacity development in science and technology as high. Agency support was well aligned with the respective national development needs in the three CLEA countries and with the Sustainable Development Goals. Nuclear science and technology usually complement other conventional measures and, overall, the Agency has applied its assistance in well-defined areas, with specific nuclear-derived technology applications and research outputs.

59. OIOS found that individual capacity building activities (fellowships, scientific visits and training) conducted as part of national and regional TC projects were considered very relevant and useful by the

participants. Through its work, the Agency has contributed to enhanced institutional capacity of national partners and to development outcomes, as summarized in the following paragraphs.

60. In Benin, after 13 years of Agency support, the national law on radiation safety and security was promulgated in 2018. With Agency support, Beninese citizens, a significant majority (69%) of whom were women, benefited from radioimmunoassay tests of thyroid functions, tumour markers, hormones for fertility and diabetes management. Furthermore, the Agency has contributed to competencies gained by national counterparts in the application of nuclear science and technology in several thematic areas, most notably in food safety.

61. In Burkina Faso, significant progress has been made in genetic characterization for livestock, as initial productive results have been reported in genetic sequencing and breeding for local livestock. With the Agency's support, the first nuclear medicine unit in Burkina Faso was established in 2012 and has operated nuclear medicine services since then. As a relatively late starter in applying nuclear and nuclear-related techniques in agriculture and human health research, the counterparts in Burkina Faso have experienced a steep learning curve in the early years of implementing TC projects. The value of transferring new techniques is appreciated by all national counterparts.

62. In Uganda, the progress made in the area of animal health diagnostics and food safety was assessed as very good, and the National Animal Disease Diagnostics and Epidemiology Centre and the Uganda National Bureau of Standards provide excellent examples of how a specific technology can be applied in routine operation. The Agency helped Uganda to restart vital radiotherapy services for cancer patients when the only cobalt-60 machine broke down in 2016. Furthermore, Uganda has made good progress in the areas of radiation protection, and nuclear safety and security, and the Agency also provided valuable capacity building in relation to Uganda's new waste management facility.

63. The CLEAs found areas for improvement, especially relating to a stronger strategic focus of Agency activities, including longer-term capacity building and sustainability planning. Regarding project management, the CLEAs highlighted progress in monitoring and the procurement of equipment.

64. The main cross-cutting conclusions arising from the CLEAs were as follows:

- The Agency's focus on capacity development in science and technology has been relevant to the needs of the three CLEA countries, and in most cases was conducted in areas of comparative advantage for the Agency;
- The Agency has contributed to the enhanced technological capacity of counterparts, but with variations in development outcomes and in the sustainable use of the transferred technology;
- As least developed countries, the three CLEA countries share common challenges which have not yet been sufficiently addressed, although some progress has been made by national counterparts;
- Regional collaboration in Africa has been a positive factor in increasing the effectiveness of the Agency's work at the country level. This could be pursued even further as part of a systematic approach;
- The Agency delivered relevant planned inputs and enabled the building of human resources and technical capacities. However, ambitious project designs combined with the late delivery of project inputs resulted in delayed output and outcome achievements; and
- The funding of operational costs for maintenance of equipment and procurement of consumables currently presents the greatest risk to the sustainability of project results. Most

counterparts do not have effective mechanisms to maintain the provided equipment and ensure regular supply of reagents and other consumables.

65. In total the CLEAs issued nine recommendations, while a further four recommendations resulted from the synthesis exercise.

D. Cross-cutting Issues

66. OIOS was pleased to note that its audits and other oversight exercises identified many areas where there has been successful collaboration across the Secretariat to achieve, in some cases very ambitious, goals, and that the importance of this collaboration has been emphasized by the Director General. Nonetheless, there remains a need to continue working to ensure that a cross-Agency approach is the default in dealing with common problems and issues.

67. The Secretariat took further steps during 2020 to strengthen its risk management systems, to promote and demonstrate accountability, and to improve internal control. More work is needed in these areas during 2021 to cement a sustainable move from accountability for processes to accountability for results, and OIOS will be continuing to provide support to the Secretariat in this regard.

68. OIOS carried out several reviews of major projects during 2019 and 2020. These reviews suggested a need to strengthen project management, adopting standardized approaches and sharing good practices. The Office was pleased to note that the Secretariat has already taken on board a number of the lessons from these major projects in planning for new ones, including putting in place improved project governance, and OIOS is supporting the Secretariat in designing and planning for significant initiatives such as ZODIAC.

69. These improvements will also assist the Secretariat in delivering its programmes and other activities efficiently and effectively and with economy, which will be ever more important given tightening budgetary constraints alongside increasing demands on the Agency. Supporting the Secretariat's achievement of value for money is increasingly a standard part of OIOS's own work.

70. Finally, OIOS found that the management of actual and potential conflicts of interest required further improvement, and is pleased to note steps taken by the Secretariat together with the Ethics function to strengthen this area.

E. Investigations Work in 2020

71. The OIOS investigations function undertakes a range of activities, predominantly consisting of reactive assessments and investigations of allegations received of possible misconduct and other complaints, together with the provision of proactive support to management to reduce the risk of such misconduct occurring in future.

72. During 2020, OIOS received 24 formal complaints/allegations, compared with a total of 29 in 2019. These included five allegations of harassment and one of sexual harassment, four of favouritism, four relating to recruitment irregularities, two of discrimination and one of retaliation. There were also two allegations of fraud. (By comparison, in 2019 OIOS received six complaints of harassment, none of which were sexual harassment.)

73. Some 20% of reports of possible misconduct continue to be made anonymously using the whistleblower telephone hotline or email account, which are both maintained by OIOS. In many more cases, the complainant approaches OIOS directly in person; although their identities are therefore known to OIOS, their confidentiality will be respected if they wish this and normally will not be shared further. Allegations are also raised with OIOS through or by line management. Finally, OIOS continues to receive informal approaches from staff members and third parties, which will either be addressed by the Office through advice or other informal action, or will be referred to another part of the Secretariat for their attention as necessary.

74. Of the 24 matters which were formally reported to OIOS during 2020, half were closed either due to the absence of evidence or because the issues reported did not constitute misconduct. Of the remainder, three (13%) were substantiated, resulting in a report to management for consideration of disciplinary action.

75. A further six complaints resulted in advisory reports to facilitate management responses other than disciplinary action; this sort of advice and support to the Secretariat constitutes an increasing part of OIOS's work. Three of the 24 allegations were still under investigation at the end of the period.

76. Where misconduct is established, the Secretariat can take a range of actions in response. These actions include dismissal, and reduction in grade or step. In addition, where it can be proven that moneys have been lost, the Secretariat will seek to recover these.

77. OIOS continued during 2020 to provide ongoing support and advice to management, including in designing and delivering training for both managers and staff on ethical standards and behaviours. This sort of outreach constitutes a growing part of the Office's work, and helps to reduce the risk of misconduct and other exposures of the Agency in the future.

F. Other OIOS Work

78. Primarily through its management services function, OIOS provides advice and support, upon request, to help the Secretariat to design and roll out management systems and tools, to continuously improve workflows and business practices, to align organizational settings to high-level directions, and to review and strengthen administrative procedures. The ultimate aim of these activities is to support management in its ongoing efforts to improve the Agency's ability to achieve its objectives and to achieve operational efficiency and excellence. During 2020, OIOS provided support to a number of organizational initiatives, including strengthening asset management, support for programmatic decision-making and realignment towards the Programme and Budget 2022-23, revamping risk management, and strengthening financial and budgetary management.

79. In accordance with good practice in oversight offices, OIOS has quality assurance mechanisms that ensure that its own work is of high quality, is aligned with the Agency's objectives, and delivers value to the organization. OIOS performs ongoing and periodic monitoring of the effectiveness of its activities, which includes seeking feedback from clients covering the Office's 'ethics and integrity', 'competence and proficiency', and the 'value added' by OIOS. Client satisfaction levels remained high in 2020, and the results from the surveys conducted were all 'satisfactory' or 'highly satisfactory ratings'. OIOS uses the detailed client feedback for its own continuous improvement as part of its forward planning. In line with the International Standards for the Professional Practice of Internal Auditing, the internal audit function also undertakes periodic external validations to ensure that it continues to comply with the International Standards and to identify and seize opportunities for

continuous improvement. A similar external validation or peer review will also be conducted for the investigation function.

80. During 2020, OIOS continued its efforts to further increase the efficiency and effectiveness of its work by, for instance, enhancing joint working between the Office's four functions, revisiting the reporting formats and grading systems to increase their impact, focusing its work more narrowly on performance and achievement of the Agency's objectives, streamlining internal processes, and further expanding the use of data in providing oversight. OIOS also rolled out new electronic 'dashboards' to help senior management to monitor in real time the implementation of agreed actions from previous oversight assignments, and thus further reduce the number of long-outstanding recommendations.

81. OIOS continued to liaise with the Agency's external auditor, the Audit Board of the Republic of Indonesia, and with the Joint Inspection Unit of the United Nations; in both cases, this helps to maximize the efficiency, effectiveness and impact of the overall oversight effort. The Office also worked closely with other internal providers of assurance and advice, including the Department of Management and the Chief of Ethics, and in addition participated in or acted as observers in various internal senior management meetings, project boards and committees. This enables the Office to input information to management's decision-making processes on a timely basis, as well as ensuring that OIOS remains aware of major Agency initiatives and evolving risks and can plan for these in its oversight work.

82. Lastly, OIOS was represented at the virtual meetings of networks such as the United Nations Representatives of Internal Audit Services and the United Nations Representatives of Investigations Services throughout the year, as well as in ad hoc discussions with other counterparts inside and outside the United Nations system.

G. Status of Implementation of Internal Audit Recommendations

83. OIOS audits routinely raise recommendations to strengthen the Agency's governance, risk management and internal controls, as well as to improve the performance of its activities and processes.

84. OIOS issues these recommendations to the Secretariat, at which point the Secretariat either agrees on a plan of action for addressing a recommendation or rejects it. During 2020, no recommendations from OIOS audits were rejected by the Secretariat.

85. The Secretariat also agrees on timescales for the implementation of recommendations. The length of time required to implement a recommendation depends on the complexity of the issue and the resources required to address it. As such, some recommendations may take a considerable amount of time to implement, while others can be resolved quickly. As part of the recommendations follow-up process, OIOS verifies the progress made by management to address outstanding issues. This includes determining whether management's actions are sufficient to enable the closure of recommendations by OIOS, and whether the extension of the agreed timelines for actions is justified.

86. Table 2 and Figure 1 below present an overview of the status of internal audit recommendations issued by OIOS since 2007. (Please note that the status of any recommendations arising from the CLEAs is included in GOV/2021/13, whilst a non-audit review from 2016 has been reclassified.)

87. Overall, out of 810 internal audit recommendations in open reviews issued by OIOS since 2007, 57 (or 7%) had passed their agreed target date but had not yet been implemented as at February 2021. A further 61 recommendations were in progress.

88. OIOS takes note of and welcomes management’s continuing efforts to close outstanding recommendations, and was pleased to note that, overall, the percentage of recommendations still requiring management action had decreased further from 19% in August 2020 to 15% in February 2021.

89. However, while OIOS noted that the number of outstanding recommendations for the period from 2007 to 2014 has also continued to fall, from 27 in January 2020 to 15 in August 2020 and to 11 by February 2021, it also notes with concern that these remaining oldest actions have not yet been fully implemented despite ongoing efforts by the Office to support the Secretariat in doing so. OIOS continues to work with management to ensure timely implementation of agreed actions, and will report again on latest progress at the Programme and Budget Committee meeting.

TABLE 2. STATUS OF INTERNAL AUDIT RECOMMENDATIONS AS AT 10 FEBRUARY 2021

	2007–2014	2015	2016	2017	2018	2019	2020	Total
Closed	466	30	38	73	50	27	8	692
In progress	1	2	1	5	18	15	19	61
Overdue	10	-	9	8	14	15	1	57
Total	477	32	48	86	82	57	28	810

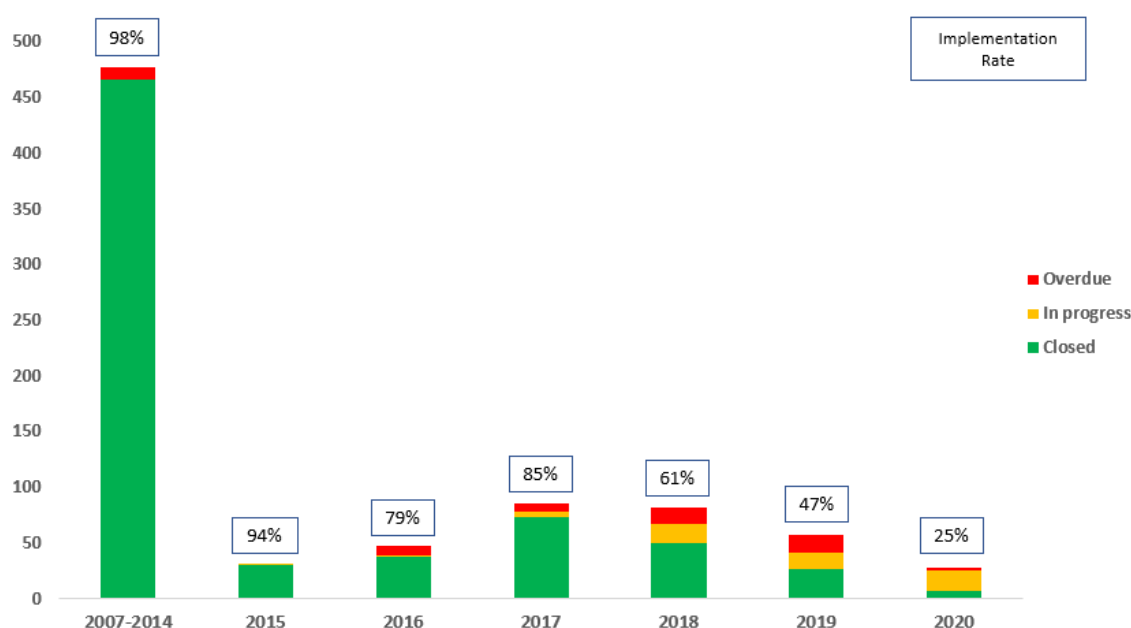


FIG. 1. Status of internal audit recommendations as at 10 February 2021

H. 2021 Internal Audit Work Plan

90. The 2021 OIOS work plan has been approved by the Director General in accordance with the OIOS Charter. The internal audit component includes 14 assignments as set out below.

91. In accordance with internal auditing good practice, the plan will be kept under review during the year and modified as necessary to reflect changes to the Agency’s risk profile, audit and assurance needs, and other circumstances.

92. Country-level Evaluation and Audits 2021: These five assignments will look at the assistance delivered by the Agency in four countries within the Europe region. A regional/synthesis review will

consider aspects such as efficient and effective sharing of knowledge across the regional Division, and the extent to which planning/outcomes in one country are utilized to inform and improve others in the same region. In 2021, given COVID-19-related constraints on management as well as on the CLEA review teams, OIOS will focus on remote review and assessment, including consideration of the availability and adequacy of management information for monitoring and control. OIOS will also undertake a review of strategic planning (including Country Programme Frameworks) in the Europe region.

93. Audit of an Operations Division in the Department of Safeguards: This audit will provide assurance on the independence, impartiality, timeliness, effectiveness and efficiency of safeguards implementation, focusing in particular on (i) implementation of policies and procedures in accordance with Department of Safeguards policy and strategy; (ii) management of human and financial resources assigned to the Division in an effective and efficient manner, including planning and assignment of resources, implementation of planned activities and assessment of outcomes; (iii) planning and implementation of inspections; (iv) quality control and management; and (v) provision for evaluation.

94. Audit of Low Value Purchasing: This audit will assess the effectiveness of the risk management, governance and internal controls over the low value purchasing process.

95. Penetration Testing: This audit will assess aspects of the Agency's information security arrangements.

96. Audit of the Recruitment Process: This end-to-end performance audit of the recruitment process will focus on how the Agency can most efficiently and effectively source the staff it needs to fill current and future requirements; in particular, it will consider how to both ensure compliance with regulations and rules and ensure the timely acquisition of the right new personnel.

97. Audit of Coordinated Research Projects: This audit will review the Agency's arrangements for the management of coordinated research projects.

98. Audit of Treasury Management: This audit will review governance, risk management and control with regard to the Agency's Treasury function.

99. Audit of Extrabudgetary Project Management: This audit will include a review of risk management in relation to the Agency's engagement with non-traditional partners, as well as a follow-up of previous audits and other OIOS exercises in this area.

100. Follow-up Audit of the VIC Commissary: As mentioned in paragraph 42 above, this audit will provide assurance on the successful implementation of actions agreed following the internal audits in 2018–2019 and 2020. It will include advisory support to management, as needed.

101. Combined Assurance Mapping/Review of the Second Line of Defence: This review will examine how the 'third line of defence' (internal audit) and 'second line of defence' (control/review functions) can best complement each other in ensuring effective governance, risk management and internal control across the Agency. It will also help to inform further development of the OIOS strategic direction for 2022 onwards.

Annex 1

Implementation of Internal Audit¹ Recommendations

Internal Audit Title	Report Year	Total Issued	Closed	In Progress	Overdue	Client Rejects
Vulnerability from Unauthorized Access – Payroll	2007	5	4		1	
Cost Allocation of Shared Services	2007	7	6		1	
Review of Field Activities I (AZB/KAZ/UZB)	2010	11	10		1	
Operation of Seibersdorf Laboratories	2012	7	6		1	
Data Analytics / Continuous Monitoring Review	2012	4	3		1	
IAEA's Environment Laboratories (NAEL) in Monaco - Compliance Audit	2013	6	4		2	
Audit of the VIC Medical Service	2014	5	3		2	
Audit of the Use of Third Parties in IT	2014	5	4		1	
Audit of Agency-wide Security Governance	2014	19	18	1		
Audit of the Resource Mobilization / EB Funding Process	2014	6	6			
AIPS - Information Security	2015	3	3			
Audit of Payroll	2015	1	1			
Audit of the Agency's Insurance Programme	2015	7	6	1		
Audit of UNDP Payments	2015	2	2			
Compliance Audit of the LEU Bank	2015	1	1			
Data Retention	2015	8	7	1		
IT Security Testing (Penetration Test)	2015	2	2			
Renovation of the IAEA Nuclear Applications Laboratories (ReNuAl)	2015	8	8			
Audit of the Agency's Language Services	2016	3	3			
Cloud Computing	2016	8	4	1	3	
Information Security Threat Management	2016	6	4		2	
LEU Bank - Compliance and Readiness Review	2016	1	1			
Review of MoSaIC	2016	7	7			
Segregation of Duties - AIPS Plateau III	2016	11	8		3	
Vendor Management Audit	2016	7	6		1	
Space Allocation in the IAEA	2016	5	5			
Audit of Agency Travel Management	2017	21	16		5	
Audit of PACT	2017	14	11		3	
Audit of Regional Office Tokyo	2017	11	10	1		
Audit of Regional Office Toronto	2017	12	11	1		

¹ Data as of 10 February 2021, excluding recommendations relating to the CLEAs. Note that data for the period 2007-2014 include only OIOS projects with outstanding recommendations.

Internal Audit Title	Report Year	Total Issued	Closed	In Progress	Overdue	Client Rejects
Effectiveness of Internal Controls related to Time Management	2017	2		2		
Compliance Audit - JCPOA Expenditures – Iran	2017	2	2			
IT Security Testing (Penetration Test)	2017	1	1			
Peaceful Uses Initiative Audit	2017	11	11			
Personnel Selection Process	2017	12	11	1		
AIPS Post-implementation Review	2018	9	3	3	3	
Asset Management	2018	16	10	1	5	
Audit of Procurement Management	2018	25	15	8	2	
Business Continuity Management	2018	22	14	6	2	
MOSAIC post-implementation review	2018	7	6		1	
Planning and Funding of Capital Expenditures	2018	3	2		1	
Audit of the Agency's Freight Forwarding Services	2019	5	3	1	1	
Commissary Management	2019	27	18	6	3	
Information Security Risk Management in SGTS	2019	8		1	7	
MTHR Transformation	2019	2		2		
Payroll and Staff Entitlements	2019	4	3	1		
Resource Mobilization	2019	4	2		2	
Security testing of the Agency's Wi-Fi Network	2019	1	1			
SG Assurance Processes	2019	2			2	
Audit of Management Arrangements for Technical Cooperation	2019	4		4		
Ad hoc audit of the VIC Commissary	2020	6	5		1	
Security testing of Agency Networks and Systems	2020	7	3	4		
Audit of the Renovation of the Nuclear Applications Laboratories	2020	5		5		
Audit of the LEU Bank Project	2020	-				
Audit on Licence Management	2020	2		2		
Audit of the Use of Non-staff Personnel	2020	6		6		
Audit of Representation and Hospitality	2020	1		1		
Audit of Agency Support to Member States in Respect of the COVID-19 Pandemic through TC Project INT0098	2020	1		1		