

Twenty-fifth meeting of the Council
Abu Dhabi, 23-24 May 2023

Report of the Director-General Activities of the Internal Audit Office, and Internal Audit Recommendations and Actions Taken

I. Introduction

1. This report is presented pursuant to Financial Regulation 11.4 (b) which provides that *“The Director-General shall report to the Council at each session on internal audit recommendations and actions taken”*. The report covers the period from 28 September 2022 to 19 April 2023.

II. Activities of the Internal Audit Office

2. Since the submission of the last report to the twenty-fourth meeting of the Council (C/24/5), the Internal Audit Office (IAO) implemented the following activities:
 - i. Submitted the Annual Audit Report to the Director-General, for the year 2022, pursuant to Section VIII of the Internal Audit Charter.
 - ii. Submitted the Comprehensive Audit Report to the External Auditor, for the year 2022, pursuant to Financial Regulation 11.4 (c).
 - iii. Provided advisory services on the performance of the Staff Provident Fund (SPF), given the volatility of global market conditions in the year 2022. The key recommendation stemming from this review is detailed in Section III of this report.
 - iv. Finalised, in accordance with the Audit Plan for the Work Programme and Budget 2022-2023, the audit on Administration of Justice, detailed in Section III of this report.
 - v. Followed up on the status of implementation of internal audit recommendations related to the previous audits of Consultancy Services and the Human Resources (HR) policy manual, detailed in Section IV of this report.

III. Internal audit and advisory recommendations issued during the reporting period

3. Advisory Services on the Performance of the Staff Provident Fund

- i. The advisory services memo covered areas such as investment strategy and optimal asset allocation mix, fund management approach (active versus passive), governance over provident fund management and recommended management to re-assess current investment allocation mix of the fund, taking into account its investment objectives.
- ii. Subsequent to the issuance of the advisory memo, the Provident Fund Management Board (PFMB) has engaged the services of a consultant, Towers Watson Limited (WTW) to perform a strategic investment review of the fund (design, pricing, management approach etc.), and advice on potential options for management to consider pursuing. At the Annual General Meeting of the PFMB on 30 March 2023, WTW made a presentation on proposed revisions to the current fund range for further consideration.

4. Audit on Administration of Justice

- i. IAO conducted an audit on the Administration of Justice. The overall objective of this audit is to assess the adequacy and effectiveness of internal controls for the accountability framework around the Administration of Justice at the Agency.
- ii. The audit reviewed the existing framework (policies and operational processes) for Administration of Justice and noted that while the Agency has already put in place building blocks and enabling components for instituting a system of accountability for the Administration of Justice, there is a need for policies and processes to be clearer, strengthened and streamlined, and communicated periodically to both staff and other personnel¹.
- iii. IAO recommended that management should develop a single policy document/roadmap that contains all relevant policy information pertaining to misconduct/wrongdoing and communicate and re-enforce policy requirements to both staff and other personnel using clear, concise, and plain language, with examples to aid both staff and other personnel in understanding when and how the policy applies. The policy/roadmap should be consolidated and made easily accessible and be reviewed by the Legal office before Agency-wide promulgation.
- iv. The Agency should develop and implement missing policies (e.g., anti-fraud, anti-corruption, conflict resolution, retaliation and whistleblower protection, investigation policies) suggested in this report and consider incorporating best

¹ “Other Personnel” includes personnel other than staff by virtue of their contractual arrangements with the Agency. This is the case for interns, service contract holders, persons working with the Agency on reimbursable and non-reimbursable loans, consultants, and any other individuals performing services at the request of the Agency.

practices identified in the report pertaining to retaliation, whistleblower protection, appeals, investigation standards and procedures, ethics, and conflict of interest etc. into the existing policy framework after further assessment, taking into consideration the context in which the Agency operates.

- v. With regards to policies, guidelines and procedures that are in a provisional state, the Agency should do the needful to finalise the policy promulgations.
- vi. The Administration and Management Services Division (AMS) has acknowledged the findings in this report and is taking into consideration relevant IAO recommendations regarding developing a consolidated administration of justice policy bringing together retaliation and whistleblower protection policy, conflict resolution policy, investigation policy, anti-fraud and anti-corruption policy, ethics, rules of appeal, and arbitration rules among others into one comprehensive document. AMS is in the process of addressing this through outside independent consultancy services.
- vii. The Director-General will report on the status of implementation of the audit recommendations at the twenty-sixth meeting of the Council.

IV. Status of implementation of the internal audit recommendations

- 5. The “Report of the Director-General on the Activities of the Internal Audit Office, and Internal Audit Recommendations and Actions Taken” (C/21/6), as presented to the twenty-first meeting of the Council, provided recommendations for reviewing and updating the HR policy manual. The recommendations entailed changes to be made to certain HR directives (as the HR policy manual is a compendium of directives).
- 6. In addition, the report presented to the twenty-third meeting of the Council (C/23/6), provided recommendations pertaining to the audit conducted on the Consultancy Services. This entailed changes to be made to the directive on Consultancy Services.
- 7. Following up on the above relevant recommendations, the IAO noted that there has been progress made towards revising HR directives for Consultancy Services, Performance Management and Recruitment. It is expected to have these directives finalised in 2023. IAO shall continue to monitor progress towards this end.