

Twenty-third meeting of the Council
Abu Dhabi, 24-25 May 2022

Report of the Director-General on the 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 26 September 2021 to 25 April 2022.
2. Since the submission of the last report to the twenty-second meeting of the Council (C/22/7), the Office of Internal Audit (IAO) implemented the following activities:
3. Submitted the Annual Report on Internal Audit to the Director-General, for the year 2021, pursuant to Section VIII of the Internal Audit Charter.
 - i. Submitted the Comprehensive Audit Report to the External Auditor, for the year 2021, pursuant to Financial Regulation 11.4 (c) and Section VIII of the Internal Audit Charter.
 - ii. Prepared a Risk-based Internal Audit Plan for the Work Programme and Budget 2022-2023, pursuant to Section VI (b) of the Internal Audit Charter.
 - iii. Completed various activities to enhance the Internal Audit core foundation, which includes: (a) making internal updates to the Internal Audit Charter to clarify scope of work, authority, responsibility, and accountability, whilst preserving the strength and functionality of the current charter; (b) developing a manual outlining IAO’s audit methodology and processes for the entire audit lifecycle; (c) developing a comprehensive risk-based audit universe; and (d) defining the audit engagement rating methodology.
 - iv. Provided an advisory insight memo on the observation of the year-end fixed assets physical count, i.e., furniture, office equipment and information technology assets conducted by management at IRENA Headquarters and Bonn Office; IAO made recommendations to further enhance the process in future counts.
 - v. Finalised, in accordance with the Audit Plan for the Work Programme and Budget 2020-2021, the audit of Consultancy Services, detailed in Section II of this report.

II. Internal audit recommendations issued during the reporting period

4. The IAO conducted an audit on the Consultancy Services. The overall objective of the audit was to assess the design and effectiveness of the processes and controls for engaging the services of individual consultants at the Agency. The audit covered processes for planning, budgeting, selection, management, administration, and consultancy output evaluation.
5. The audit deployed a risk-based approach and tested samples across all divisions, geared towards reflecting the diversity and complexity that the Agency encounters when engaging the services of consultants to meet the programmatic objectives.
6. The IAO made recommendations that shall help improve and simplify the processes for engagement of consultants; bridge the current gap between policy and operational practices; as well as address specific risk areas and enhance governance processes for the engagement of consultants at the Agency.
7. The Programme Divisions discussed the above recommendations at management level and stand ready to support the process to ensure that the new rules of engagement of consultants in the updated policy directives for engagement of individual consultancy services reflect the needs of the divisions to ensure continuity in the delivery of innovative products of quality.
8. Based on the high-level assessment, strategic direction and governance framework that will be approved by the Office of the Director-General and the senior programme management of the divisions, the Human Resources (HR) Office will update and finalise the HR directive and guidelines on the engagement of consultancy services which would aim to ensure that the Agency is best positioned to meet its Work Programme objectives while, at the same time, ensuring that the relevant rules and regulations are adhered to and risks are properly managed.
9. The Director-General will report on the status of implementation of audit recommendations at the twenty-fourth meeting of the Council.