

Twenty-first meeting of the Council  
Abu Dhabi, 25-26 May 2021

## **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 5 October 2020 to 25 April 2021.
2. Since the submission of the last report to the twentieth meeting of the Council (C/20/7), the Internal Audit Office (IAO) implemented the following activities:
  - i. Submitted the Annual Audit Report to the Director-General, for the year 2020, pursuant to Section VIII of the Internal Audit Charter.
  - ii. Submitted the Comprehensive Audit Report to the External Auditor, for the year 2020, pursuant to Financial Regulation 11.4 (c).
  - iii. Performed inspection and verification procedures on the year-end physical count of fixed assets, i.e. furniture and office equipment conducted by the inventory team at IRENA Headquarters and Bonn office.
  - iv. Finalised, in accordance with the Audit Plan for the Work Programme and Budget 2020-2021, a review of the Human Resources (HR) Policy Manual, detailed in Section II of this report.
  - v. Followed up on the status of implementation of internal audit recommendations related to the previous audit on the payroll, dependency benefits and education grants, detailed in Section III of this report.

### **II. Internal audit recommendations issued during the reporting period**

3. The IAO conducted a review of the HR Policy Manual during the reporting period. This review covered the current version of the HR Policy Manual, applied since 1<sup>st</sup> January 2017, while considering the HR directives released in the Agency throughout the years 2015 to 2019.
4. The review covered various aspects of the HR Policy Manual, including provisions related to the salary scale for staff at the Professional level and above, education grant, Associate Professional Programme, medical insurance, repatriation grant, performance appraisal, staff attendance and leave, recruitment and selection processes.

5. The objective of the review was to ensure that processes and controls are designed and operating effectively to periodically review and update the HR Policy Manual and align it to the various HR directives pertaining to the above areas.
6. Overall, the assessed processes and controls were designed effectively as HR office has already drafted a work plan to initiate a comprehensive review of the HR Policy Manual to officially codify the policies and procedures established or modified since the initial release of the manual. The implementation of this HR work plan is planned for 2021 and has already been initiated for several areas.
7. The IAO noted recommendations for reviewing and updating the HR Policy Manual for the above assessed areas, highlighting specific sections or provisions that are outdated and need further revision in line with released HR directives. A few examples include:
  - amending specific subsections of the HR Policy Manual highlighted in the report for recruitment and selection processes, attendance and leave, and performance appraisal, considering the applicable directives that have been released;
  - deleting specific sections of the HR Policy Manual highlighted in the report for education grant, and salary scale for Professional staff that are no longer relevant.
8. Management accepted all audit recommendations and is in the process of updating the relevant sections of the HR Policy Manual in line with the various HR directives issued.
9. The Director-General will report on the status of implementation of audit recommendations at the twenty-second meeting of the Council.

### **III. Status of implementation of the internal audit recommendations**

10. The “Report of the Director-General on the Activities of the Internal Audit Office, and Internal Audit Recommendations and Actions Taken”, contained in document C/20/7, and presented to the twentieth meeting of the Council, enumerated six key recommendations related to the previously conducted audit on the payroll, dependency benefits and education grants.
11. Based on results of the validation procedures performed by the IAO, two recommendations were fully implemented. These pertain to (a) discontinuing payment of non-removal allowance to those staff members who are no longer eligible and (b) reviewing the procedure to determine eligibility for spouse allowance. The remaining four recommendations are currently under implementation.
12. With regards to the recommendation that the Agency revises the relevant policies to reduce currency exchange losses due to the transfer of payroll to the “Euro” personal bank accounts of staff members at the Bonn office, the IAO noted that discussions are still in progress to address this recommendation. Decision is expected to be taken by the third quarter of 2021.
13. Likewise, the two recommendations related to the online dependency benefits forms and implementing education grant related processing functionalities in Markaz ERP application are in the process of implementation and are expected to be completed by the fourth quarter of 2021.
14. Finally, the recommendation pertaining to the overall review and updating of process documents in the IRENA intranet portal for staff (REsource) will be included in the year 2022 Division for Administration and Management Services (AMS) action plan.