



IOM International Organization for Migration

EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
IOM Ouagadougou
BF201701
20 - 23 FEBRUARY 2017

Issued by the Office of the Inspector General

Report on the Audit of IOM Ouagadougou
Executive Summary
Audit File No. BF201701

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM Ouagadougou, Burkina Faso (the “Country Office”) from 20 to 23 February 2017. The internal audit was aimed to assess adherence to financial and administrative procedures in conformity with IOM’s regulations and rules and the implementation of and compliance with its internal control system.

Specifically, the audit assessed the risk exposure and risk management of the Country Office’s activities, in order to ensure these are well understood and controlled by the local management and staff. Selected samples from the following areas were reviewed:

- a. Management and Administration
- b. Personnel
- c. Finance and Accounting
- d. Procurement and Logistics
- e. Contracting
- f. Information and Technology
- g. Programme and Operations

The audit covered the activities of the Country Office from 1 January 2015 to 28 February 2017. The office recorded the following expenses based on IOM financial records:

- 2015 - USD 344,760 representing 0.022% and 0.34% of IOM Total and Central and West Africa Region, respectively.
- January 2016 to February 2017 - USD 390,984 representing 0.026% and 0.35% of IOM Total and Central and West Africa Region, respectively.

Because of the concept of selective testing of data and inherent limitation of the internal audit work, there is no guarantee that all matters of significance to IOM will be discovered by the internal audit. It is the responsibility of local management of the Country office to establish and implement internal control systems to ensure the achievement of IOM’s objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with relevant laws, regulations and policies. It is also the responsibility of local management to determine whether the areas the internal audit covered and the extent of verification or other checking included are adequate for local management’s purposes. Had additional procedures been performed, other matters might have come to internal audit attention that would have been reported.

The internal audit was conducted in accordance with the Charter of the Office of the Inspector General and in general conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overall audit rating

OIG assessed the Office as **largely ineffective** which means that “significant control gaps exist. Either controls do not treat root causes or they do not operate at all effectively”.

This rating was mainly due to weaknesses noted in the following areas:

1. Vendor Management
2. Procurement procedures
3. Project management and financial monitoring
4. Segregation of Duties and Delegation of Authority
5. Privileges and Immunities
6. Knowledge of IOM regulations and rules
7. Human Resource Management
8. Unified Staff Regulations and Rules
9. Payment of advances
10. Invoicing and bank payments
11. Record-keeping
12. Month-end accounting procedures
13. Petty cash fund
14. Information Technology

Key recommendations: Total = 22; Very High Priority = 3; High Priority = 11; Medium Priority = 8

Very High Priority Recommendations

Prompt action is required within one month to ensure that processes will not be critically disrupted and IOM will not be **critically** adversely affected in its ability to achieve its strategic and operational objectives.

There are three (3) Very High Priority recommendations consisting of one (1) recommendation each for Finance and Accounting, Procurement and Logistics, and Programme and Operations. These are as follows:

1. Reconciliation and final disposition of long outstanding vendor open accounts.
2. Train procurement staff and grant access rights to procurement system.
3. The Country Office to work closely with the Regional Office to resolve the substantial project deficits.

High Priority Recommendations

Prompt action is required within three months to ensure that IOM will not be adversely affected in its ability to achieve its strategic and operational objectives.

The High Priority recommendations are presented below:

1. Three (3) recommendations for Management and Administration, two (2) recommendations for Personnel, and one (1) recommendation for Information Technology. These

recommendations aim to ensure that the assets of IOM are properly safeguarded, its staff welfare is secured and IOM operations are efficient and effective.

- Immediately establish a full Delegation of Authority matrix.
 - Seek clarification regarding employees who are not tax exempt and implement ruling accordingly.
 - Train staff on IOM regulations and rules and increase compliance with such regulations and rules.
 - Ensure that all Human Resources personnel files contain the required documents.
 - Proper dissemination of the implication of Unified Staff Regulations and Rules to all staff.
 - Upgrade Information Technology structure.
2. Five (5) recommendations on Finance and Accounting are directed towards the enhancement of the reliability and integrity of the Country Office's financial and operational information.
- Full compliance with accounting procedures for recording staff advances
 - Full compliance with accounting procedures for invoicing and bank payments
 - Regional Office to review the unusual accounting entries
 - Full compliance with month end accounting procedures
 - Improve internal controls over petty cash fund

Except in the areas of Finance and Accounting, Information Technology, and Programme and Operations, there remains another eight (8) Medium priority recommendations consisting of: Four (4) recommendations in Management and Administration; One (1) in Personnel; Two (2) in Procurement and Logistics; and one (1) in Contracting, which need to be addressed by the Country Office within one year to ensure that such weaknesses in controls will not moderately affect the Country Office's ability to achieve its entity or process objectives.

Management comments and action plans

Management accepted all 22 recommendations and is in the process of implementation. Comments and/or additional information provided have been incorporated in the report, where appropriate.

This report is intended solely for information and should not be used for any other purpose.

**International Organization for Migration
Office of the Inspector General**

I. About the Office

The Main Office is located in Ouagadougou, Burkina Faso. As of 28 February 2017, the Office has 12 personnel categorized into: 7 staff and 5 non-staff. The office recorded the following expenses based on IOM financial records for the following periods:

- 2015 - USD 344,760 representing 0.022% and 0.34% of IOM Total and Central and West Africa Region, respectively.
- January 2016 to February 2017 - USD 390,984 representing 0.026% and 0.35% of IOM Total and Central and West Africa Region, respectively.

The Office has a total portfolio of 15 projects and total budget of USD 764,313.06 from January 2015 to February 2017. The top two projects by type:

- Two Projects for Technical Cooperation (TC) amounting to USD 281,355.65 or 36.81% of budget.
- Two Projects on Migrant Training and Reintegration (FM) amounting to USD 184,425.75 or 24.13% of budget.

II. Scope of the Audit

1. Objective of the Audit

The internal audit was conducted in accordance with the Charter of the Office of the Inspector General and in general conformance with the *International Standards for the Professional Practice of Internal Auditing*. The focus of the audit was adherence to financial and administrative procedures in conformity with IOM's rules and regulations and the implementation of and compliance with its internal control system.

2. Scope and Methodology

In compliance with Internal Audit standards, attention was paid to the assessment of risk exposure and the risk management of the Country Office activities in order to ensure that these are well understood and controlled by the local management and staff. Recommendations made during the internal audit fieldwork and in the report aim to equip the local management and staff to review, evaluate and improve their own internal control and risk management systems.

III. Audit Conclusions

1. Overall Audit Rating

OIG assessed the Office as **largely ineffective** which means that “significant control gaps exist. Either controls do not treat root causes or they do not operate at all effectively”.

IV. Key Findings and Very High and High Priority Recommendations

I. Very High Priority Recommendations

1. Vendor Management

The Country Office has many long overdue vendor open items since 2013. These have not been resolved due to various reasons such as staff resignation, project closure, etc.

Very High Priority Recommendation:

- Reconciliation and final disposition of long outstanding vendor open accounts.

Management agreed with the recommendations and is implementing them.

2. Procurement procedures

The Country Office has deficient procurement procedures such as absence of purchase authorization matrix, among others. The recruited procurement staff had not been formally trained in IOM guidelines on procurement and granted proper access rights in the procurement system.

Very High Priority Recommendation:

- Train procurement staff and grant access rights in the procurement system

Management agreed with the recommendations and is implementing them.

3. Project management and financial monitoring

There were several deficiencies noted in project management and financial monitoring that led to significant project deficits.

Very High Priority Recommendation:

- The Country Office to work closely with the Regional Office to resolve the substantial project deficits.

Management agreed with the recommendations and is implementing them.

II. High Priority Recommendations

1. Segregation of Duties and Delegation of Authority

There is no Delegation of Authority matrix enforced in the country office. Most approvals end up with the Head of Office without appropriate quality checks performed by the different sections.

High Priority Recommendations:

- Immediately establish a full delegation of authority matrix.

Management agreed with the recommendations and is implementing them.

2. Privileges and immunities

The Privileges and Immunity treaty signed between the Government and IOM Burkina Faso states, *that IOM officials are exempted from taxes on all remuneration paid by the IOM, except with respect to remuneration to persons recruited locally and paid hourly (sic)*. The wording “recruited locally and paid hourly” is subject to interpretation as it is not clear whether it affects the two categories of employees (i.e. those recruited locally as well as those paid hourly) or only hourly-paid local employees.

High Priority Recommendation:

- Seek clarification regarding which employees are not tax exempt and implement ruling accordingly.

Management agreed with the recommendations and is implementing them.

3. Knowledge of IOM regulations and rules

There are no local internal instructions/memorandums enforced in the Country Office. None of the staff has ever received a proper IOM induction training, hence, knowledge of the IOM’s Mandate and Regulations and Rules is very limited.

High Priority Recommendation:

- Train staff on IOM regulations and rules and increase compliance with such rules and regulations.

Management agreed with the recommendations and is implementing them.

4. Human Resources management

Human Resources files have not been properly kept and many are lacking with key documents.

High Priority Recommendation:

- Ensure that all Human Resources personnel files contain the required documents.

Management agreed with the recommendations and is implementing them.

5. Unified Staff Regulations and Rules

The Unified Staff Regulations and Rules were introduced in the Country Office on 1 January 2017, however, the impact and new advantages of the introduction of the Unified Staff Regulations and Rules were not fully understood.

High Priority Recommendation:

- Proper dissemination of the implication of Unified Staff Regulations and Rules to all staff.

Management agreed with the recommendations and is implementing them.

6. Payment of advances

The Country Office does not comply with the normal accounting procedures with respect to the recording of staff advances. Instead of using the staff vendor accounts to register any advance, the Country Office directly debits the project with an expense.

High Priority Recommendation:

- Full compliance with accounting procedures for recording staff advances.

Management agreed with the recommendations and is implementing them.

7. Invoicing and bank payments

The Country Office records all bank payments in the financial accounting system instead of raising Purchase Orders or recording invoices. This means bank payments are accounted for using cash basis rather than accrual accounting.

High Priority Recommendations:

- Full compliance with accounting procedures for invoicing and bank payments.

Management agreed with the recommendations and is implementing them.

8. Recordkeeping

There were noted unusual accounting entries that need to be reviewed for propriety.

High Priority Recommendation:

- The Regional Office to review the unusual accounting entries.

Management agreed with the recommendations and is implementing them.

9. Month-end accounting procedures

The Country Office does not comply with the month-end accounting procedures with regard to the mandatory monthly clearing of the Cost Centre.

High Priority Recommendations:

- Full compliance with month end accounting procedures.

Management agreed with the recommendations and is implementing them.

10. Petty cash fund

Payments from petty cash fund exceeds the maximum limit for individual payments. Also, certain payments for operational advances are made through petty cash fund instead of checks.

High Priority Recommendation:

- Improve internal controls over petty cash fund.

Management agreed with the recommendations and is implementing them.

11. Information Technology

The Country Office is lacking in information technology hardware to support its operations. In addition, the internet connection is slow and problematic.

High Priority Recommendation:

- Upgrade information technology structure.

Management agreed with the recommendations and is implementing them.

ANNEXES

Definitions

The overall adequacy of the internal controls, governance and management processes, based on the number of audit findings and their risk levels:

Descriptor	Guide
Fully effective	Nothing more to be done except review and monitor the existing controls. Controls are well designed for the risk, address the root causes and Management believes that they are effective and reliable at all times.
Substantially effective	Most controls are designed correctly and are in place and effective. Some more work to be done to improve operating effectiveness or Management has doubts about operational effectiveness and reliability.
Partially effective	While the design of controls may be largely correct in that they treat most of the root causes of the risk, they are not currently very effective. Or, some of the controls do not seem correctly designed in that they do not treat root causes, those that are correctly designed are operating effectively.
Largely ineffective	Significant control gaps. Either controls do not treat root causes or they do not operate at all effectively.
None or totally ineffective	Virtually no credible controls. Management has no confidence that any degree of control is being achieved due to poor control design and/or very limited operational effectiveness.

Audit Recommendations – Priorities

The following internal audit rating based on **IOM Risk Management** framework has been slightly changed to portray the prioritization of internal audit findings according to their relative significance and impact to the process:

Rating	Definition	Suggested action	Suggested timeframe
Very High	Issue represents a control weakness which could cause critical disruption of the process or critical adverse effect on the ability to achieve entity or process objectives.	Where control effectiveness is not as high as 'fully effective', take action to reduce residual risk to 'high' or below.	Should be addressed in the short term, normally within 1 month.
High	Issue represents a control weakness which could have major adverse effect on the ability to achieve entity or process objectives.	Plan to deal with in keeping with the annual plan.	Should be addressed in the medium term, normally within 3 months.
Medium	Issue represents a control weakness which could have moderate adverse effect on the ability to achieve entity or process objectives.	Plan in keeping with all other priorities.	Should be addressed normally within 1 year.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve entity or process objective.	Attend to when there is an opportunity to.	Discussed directly with management and actions to be initiated as part of management's ongoing control.