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IOM International Organization for Migration

**EXECUTIVE SUMMARY**  
**INTERNAL AUDIT REPORT**  
**IOM BANGUI**  
**CF201701**  
**12 - 25 August 2017**

**Issued by the Office of the Inspector General**

**Report on the Audit of IOM Bangui**  
**Executive Summary**  
**Audit File No. CF201701**

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM Bangui, Central African Republic (the “Country Office”) from 12 to 25 August 2017. The internal audit 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 August 2015 to 31 August 2017. The Country Office recorded the following expenses based on IOM financial records:

- August 2015 to July 2016 - USD 8,750,354 representing 0.56% and 8.73% of IOM Total and Central and West African Region, respectively.
- August 2016 to July 2017 - USD 13,080,616 representing 0.81% and 13.16% of IOM Total and Central and West African Region, respectively.

The last internal audit of the Country Office was February 2015.

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 assure 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. Staff Contracts
2. Delegation of Authority
3. Capacity training for national staff
4. Security
5. Standard operating procedures
6. Human resources administration
7. Selection and employment of consultants
8. Employee personal files
9. Unified Staff Regulations and Rules
10. Financial monitoring
11. Vendor account maintenance
12. Cash payments
13. Procurement
14. Fleet management
15. Warehouse management
16. Payments to implementing partners
17. IT backup procedures
18. Programme management

**Key recommendations: Total = 26; Very High Priority = 1; High Priority = 21; Medium Priority = 4**

### Very High Priority Recommendation

Prompt action is required within 1 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 is one (1) Very High Priority recommendation for Personnel as follows:

1. All contracts should be regularized to conform with IOM staff contract templates.

### 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.

There are 21 High Priority recommendations as follows:

1. Four (4) recommendations for Management and Administration and Personnel, five (5) recommendations for Procurement and Logistics, one (1) recommendation each for Contracting and Information Technology, and three (3) recommendations for Programme and Operations. These recommendations aim to ensure that the assets of IOM are properly safeguarded, staff welfare is secured and that IOM operations are effective and efficient.

- Develop and document separate delegation of authority matrices for the Country Office and sub-offices to be disseminated to all staff.
  - Update organizational chart.
  - Establish a more systematic training plan and approach for both national and international staff.
  - Secure funding for the position of Field Security Officer for all future project budget proposals.
  - Full compliance with IOM security policies, regulations and requirements.
  - Create a proper regulatory framework by developing internal instructions to achieve a higher degree of compliance with IOM's Regulations and Rules.
  - Make every effort to go live with the automated HR system and coordinate with Head office for a subject matter expert to assist them.
  - Regularize all existing consultancy contracts and fully comply with IOM guidelines on selection and employment of consultants.
  - Ensure that all personnel files contain all the required documents.
  - Inform all staff about the new United staff regulations and rules (USRR) and have the staff sign a copy of the USRR to be put in their files.
  - The internal control procedures of the Procurement Department should be strengthened in order to prevent possible future mismanagement.
  - Suggest to recruit an international IOM staff instead of a secondee for this position. As such, he/she could be held responsible for the proper functioning of the Procurement unit.
  - Perform proper vendor assessment and gather all the required information as per IOM criteria. In addition, there should be regular vendor evaluations.
  - Develop and introduce standard operating procedures for the use of vehicles allowing for a proper oversight of the fleet and accountability of drivers and other staff directly concerned.
  - Introduce immediately standard operating procedures for warehouse management including inventory and stock control.
  - Any contractual payments should be in line with the contract's payment schedule. Any deviations would require prior amendment of the contract.
  - A second air conditioner should be installed in the server room as backup. In addition, the Country office should strictly follow IOM Standards and Guidelines on backup procedures.
  - The Country Office should revise its projectization of Staff and Office costs using updated Project planning tools. In addition, the Country Office should implement project-specific budget monitoring procedures.
2. Three (3) recommendations on Finance and Accounting are directed towards the enhancement of the reliability and integrity of the Country Office's financial and operational information.
- Improve financial control procedures and take necessary steps to ensure timely posting of transactions and reporting is achieved over the next three months.
  - Consider opening different cashbooks for the main sub-offices and establish a system wherein an operational advance is only disbursed when the previous advance has been liquidated.
  - Issue cheques whenever possible in order to limit large petty cash payments.

Except in the area of Contracting, Information Technology and Programme and Operations, there remains four (4) Medium priority recommendations consisting of one (1) recommendation each in Management and Administration, Personnel, Finance and Accounting, and Procurement and Logistics, 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.

There are no low priority recommendations for the Country Office.

#### **Management comments and action plans**

Except for two (2) high priority recommendations and one (1) medium that were partially accepted recommendation, the remaining 23 recommendations were accepted. Management 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 Country Office**

The main office is located in Bangui, Central African Republic. As of July 2017, the Country Office has 62 personnel categorized into: 8 officials, 44 staff and 10 non-staff. The Country Office recorded the following expenses based on IOM financial records for the following periods:

- August 2015 to July 2016 - USD 8,750,354 representing 0.56% and 8.73% of IOM Total and Central and West African Region, respectively.
- August 2016 to July 2017 - USD 13,080,616 representing 0.81% and 13.16% of IOM Total and Central and West African Region, respectively.

The Country Office has a total portfolio of 33 projects and total budget of USD 23,712,638. The top two projects by type:

- Eleven projects for Community Stabilization amounting to USD 21,465,839.72 or 90.50 % of the budget
- Six projects on Displaced Persons amounting to USD 2,019,124 or 8.51 % of the budget.

The last audit was in February 2015 wherein the overall rating was “Partially Effective”<sup>1</sup>.

Implementation status of the previous OIG audit recommendations: Audit Report No.CF201501 IOM Bangui; Total recommendations: 23; Implemented: All 23 accepted recommendations had been implemented.

## **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

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<sup>1</sup> (Previous ratings used (up to 2014) is out of the three ratings: Satisfactory, Partially Satisfactory, and Unsatisfactory).

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

#### Very High Priority Recommendations:

##### 1. Staff Contracts

All of the Country Office local employees have been issued special all-inclusive contracts of durations varying between one to three months. These contracts continue to get extended for similar durations reaching up to 17 contract extensions in three years in many of the sampled files.

#### Very High Priority Recommendation:

- All contracts should be regularized to conform with IOM staff contract templates.

*Management agreed with the recommendations and is implementing them.*

#### High Priority Recommendations:

##### 1. Delegation of Authority

There is no Delegation of authority matrix in place in the Country Office, nor in the sub-offices, that is formally endorsed and disseminated to staff. The organizational chart is not updated and reporting lines are not clear.

#### High Priority Recommendation:

- Develop and document separate delegation of authority matrices for the Country Office and sub-offices to be disseminated to all staff.
- Update organizational chart.

*Management agreed with the recommendations and is implementing them.*

##### 2. Capacity training for national staff

Over the past years, the Country Office has relied heavily on quick deployment of colleagues from other regions on Short-Term Assignments. However, there is a need to empower the national staff through their own participation in specialized training and mentoring within the region.

High Priority Recommendation:

- Establish a more systematic training plan and approach for both national and international staff.

*Management agreed with the recommendations and is implementing them.*

### 3. Security issues

Considering the serious events that occurred in 2015 and the still tense security situation in the country, compliance with security instructions has been challenging. In addition, the position of Field Security Officer is under consultancy contract.

High Priority Recommendations:

- Secure funding for the position of Field Security Officer for all future project budget proposals.
- Full compliance with IOM security policies, regulations and requirements.

*Management agreed with the recommendations and is implementing them.*

### 4. Standard Operating Procedures

The Country Office does not have any local standard operating procedures or instructions in force which considerably weakens the internal controls and compromises the compliance with the institutional guidance.

High Priority Recommendation:

- Create a proper regulatory framework by developing internal instructions to achieve a higher degree of compliance with IOM's Regulations and Rules.

*Management agreed with the recommendations and is implementing them.*

### 5. Human resources administration

The Country Office is one of the very few country offices that has not yet gone live with the automated Human resource (HR) system despite the completion of training on said system. This condition seriously affects overall human resources management, including payroll and leave administration.

High Priority Recommendation:

- Make every effort to go live with the automated HR system and coordinate with Head office for a subject matter expert to assist them.

*Management agreed with the recommendations and is implementing them.*

### 6. Selection and employment of consultants



The Country Office has over 130 active consultant contracts for positions with varying titles. Based on the sampled files, these contracts did not comply with IOM generic consultancy templates.

High Priority Recommendation:

- Regularize all existing consultancy contracts and fully comply with IOM guidelines on selection and employment of consultants.

*Management agreed with the recommendations and is implementing them.*

#### 7. Employee personnel files

Many personnel files were missing with basic mandatory documentation. In addition, typographical errors and inconsistencies were identified.

High Priority Recommendation:

- Ensure that all personnel files contain all the required documents

*Management agreed with the recommendations and is implementing them.*

#### 8. United Staff regulations and rules

The United staff regulations and rules (USRR) were introduced in the Country Office effective 1 September 2016, however, such regulations and rules were not implemented by the Country Office as intended.

High Priority Recommendation:

- Inform all staff about the new USRR and have the staff sign a copy of the USRR to be put in their files.

*Management agreed with the recommendations and is implementing them.*

#### 9. Financial Monitoring

The Country Office has weak financial monitoring in place. There were noted delays in posting of transactions and reporting in the Checklist for Mission accounts closure.

High Priority Recommendation:

- Improve financial control procedures and take necessary steps to ensure timely posting of transactions and reporting is achieved over the next three months.

*Management agreed with the recommendations and is implementing them.*

#### 10. Vendor Account Maintenance

The Country Office has large outstanding open operational advances, part of which is unrecoverable due to staff members that were no longer in service or supporting documents being lost in the office looting in 2015.

High Priority Recommendation:

- Consider opening different cashbooks for the main sub-offices and establish a system wherein an operational advance is only disbursed when the previous advance has been liquidated.

*Management agreed with the recommendations and is implementing them.*

11. Cash Payments

The Country Office has a special approval to make cash payments valid until March 2018, which should be coordinated with Staff Security Unit (SSU). While cash transfers to the field are mostly done by SSU by air, there is no standard procedure for cash handling and/or physically transferring funds.

High Priority Recommendation:

- Issue cheques whenever possible in order to limit large petty cash payments.

*Management agreed with the recommendations and is implementing them.*

12. Procurement

- There were some Purchase Orders (POs) which remained long-outstanding due to errors, pending delivery and payments etc. In addition, there were invoices received which lacked necessary details for validation, missing goods receipt documents and procurement files lacking bid evaluation documentation.
- The Head of the procurement department is a secondee from another agency and started with IOM in February 2017, for nine months. No specific contract is available in the office except the IOM-MSB agreement.
- There is no proper Vendor screening taking place. In addition, Vendors are not evaluated regularly.

High Priority Recommendations:

- The internal control procedures of the Procurement Department should be strengthened in order to prevent possible future mismanagement.
- Suggest to recruit an international IOM staff instead of a secondee for this position. As such, he/she could be held responsible for the proper functioning of the Procurement unit.
- Perform proper vendor assessment and gather all the required information as per IOM criteria. In addition, there should be regular vendor evaluations.

*Management agreed with the recommendations and is implementing them.*

13. Fleet Management

There are no standard operating procedures on usage of vehicles which clearly defines the duties and responsibilities of the drivers, procedures for inspection and reports related to the vehicles.

High Priority Recommendation:

- Develop and introduce standard operating procedures for the use of vehicles allowing for a proper oversight of the fleet and accountability of drivers and other staff directly concerned.

*Management agreed with the recommendations and is implementing them.*

14. Warehouse Management

The Country Office has an on-site warehouse which stores mainly non-food items. However, the inventory is practically non-existent and there was poor warehouse stock control.

High Priority Recommendation:

- Introduce immediately standard operating procedures for warehouse management including inventory and stock control.

*Management agreed with the recommendations and is implementing them.*

15. Implementing Partners

There is a lack of clarity and missing quantifiable outputs and missing deadlines in the Agreements with Implementing Partners. Payments to Implementing Partners are not linked to deliverables and payment schedules.

High Priority Recommendation:

- Any contractual payments should be in line with the contract's payment schedule. Any deviations would require prior amendment of the contract.

*Management agreed with the recommendations and is implementing them.*

16. Information Technology backup procedures

The IT server room in the Country Office has only one air conditioner. Also, there is no off-site IT backup storage in place.

High Priority Recommendation.

- A second air conditioner should be installed in the server room as backup. In addition, the Country office should strictly follow IOM Standards and Guidelines on backup procedures.

*Management agreed with the recommendations and is implementing them.*

17. Program Management

There is no planning tool in place to forecast project-related spending. Project monitoring spreadsheets exists but these had not been updated since March 2017. A

review of the project monitoring reports also revealed underspending in this area, which contributes to the low burn rate.

High Priority Recommendation:

- The Country Office should revise its projectization of Staff and Office costs using updated Project planning tools. In addition, the Country Office should implement project-specific budget monitoring procedures.

*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
<b>Fully effective</b>	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.
<b>Substantially effective</b>	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.
<b>Partially effective</b>	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.
<b>Largely ineffective</b>	Significant control gaps. Either controls do not treat root causes or they do not operate at all effectively.
<b>None or totally ineffective</b>	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 crystalize the prioritization of internal audit findings according to their relative significance and impact to the process:

Rating	Definition	Suggested action	Suggested timeframe
<b>Very High</b>	Issue represents a control weakness which could cause <b>critical</b> disruption of the process or <b>critical</b> 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.
<b>High</b>	Issue represents a control weakness which could have <b>major</b> 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.
<b>Medium</b>	Issue represents a control weakness which could have <b>moderate</b> 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.
<b>Low</b>	Issue represents a minor control weakness, with <b>minimal</b> 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.