IOM International Organization for Migration

EXECUTIVE SUMMARY

INTERNAL AUDIT REPORT

IOM Banjul

GM201701

13 - 21 November 2017

Issued by the Office of the Inspector General

Report on the Audit of IOM Banjul
Executive Summary
Audit File No. GM201701

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM Banjul, Gambia (the "Country Office") from 13 to 21 November 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 September 2015 to 31 October 2017. The Country Office recorded the following expenses based on IOM financial records:

- September to December 2015 – USD 28,362 representing less than one per cent of both IOM, Total and of Central and West Africa Region, respectively.
- January to December 2016 – USD 101,421 representing less than one per cent of both IOM Total, and of Central and West Africa Region, respectively.
- January to October 2017 – USD 342,296 representing less than one per cent of both IOM Total, and of 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 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. Cash management
2. Management of bank accounts
3. Migrants' well-being and safety
4. Project implementation
5. Security arrangement
6. Risk management
7. Mandatory IOM trainings
8. Record management
9. Resource management unit
10. Proposed sub-office
11. Vendor database
12. Delegation of authority
13. Service contracts
14. Information and Communications Technology infrastructure
15. Project planning

Key recommendations: Total = 30; Very High Priority = 4; High Priority = 11; Medium Priority = 14; Low Priority = 1

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 four (4) Very High Priority recommendations consisting of two (2) recommendations each for Finance and Accounting and Programme and Operations. These are as follows:

1. Remedial actions should be taken to strengthen the internal controls in cash management.
2. Internal controls over the management of bank accounts should be strengthened.
3. Implement measures to safeguard the welfare, safety and security of the migrants.
4. Facilitate the implementation of collective or community-wide reintegration in order to limit the use of individualized to specific cases and consequently, accelerate the reintegration process.

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) in Procurement and Logistics and one (1) each for Information Technology, Contracting and 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.

   o The Country Office should follow through the recommendations of the security assessment report.
   o The Country Office should develop a risk management process to ensure that risks are timely identified, assessed, mitigated and managed.
   o Ensure that all staff comply with the mandatory trainings and sign off IOM Standard of Conduct.
   o Prioritize the creation of adequate and effective vendor database.
   o The Country Office should develop a delegation of authority that outlines a proper delineation of roles.
   o The Country Office should ensure that contract for essential services are in place to safeguard IOM interest.
   o A proper ICT infrastructure should be established to facilitate the exchange of information.
   o The Country Office should establish appropriate management structures to improve the Office's project planning capacity.

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.

   o Establish a proper filing system and ensure that documents are properly archived.
   o The Resource Management Unit (RMU) staff should be relieved of operational responsibilities in order to prioritize and concentrate on his RMU assigned roles.
   o Request additional funds to purchase a car and contract a reliable and efficient internet provider to improve the exchange of information between the sub-office (once it is established) and the Country Office.

Except in the area of Information Technology, there remains another fourteen (14) Medium priority recommendations consisting of two (2) recommendations in Management and Administration, four (4) recommendations in Personnel, three (3) in Finance and Accounting, two (2) recommendations in Procurement and Logistics, one (1) recommendation in Contracting and two (2) recommendation in Programme and Operations, 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.

Low priority recommendations (not included in this Executive Summary) have been discussed directly with management and actions have been initiated to address them.

Management comments and action plans

All recommendations were accepted and 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 Banjul, Gambia. As of October 2017, the Country Office has 11 personnel categorized into: 2 officials, 6 staff and 3 non-staff. The Country Office recorded the following expenses based on IOM financial records for the following periods:

- September to December 2015 – USD 28,362 representing less than one per cent of both IOM Total, and of Central and West Africa Region, respectively.
- January to December 2016 – USD 101,421 representing less than one per cent of both IOM Total, and of Central and West Africa Region, respectively.
- January to October 2017 – USD 342,296 representing less than one per cent of both IOM Total, and of Central and West Africa Region, respectively.

The Country Office has a total portfolio of 13 projects and total budget of USD 1,006,007. The top two projects by type:

- One Reintegration Project amounting to USD 4,481,378 million or 91 % of the budget.
- One Health Assessment Programme amounting to USD 161,500 million or 3.3 % of the 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

Very High Priority Recommendations:

1. Cash Management

   Due to the nature of programmatic activities implemented, the Country Office transacts mostly in cash. However, there were noted significant deficiencies over the management of cash, thus, increasing risk exposure to mismanagement/misappropriation and theft of cash.

   Very High Priority Recommendation:
   - o Remedial actions should be taken to strengthen the internal controls in cash management.

   Management agreed with the recommendations and is implementing them.

2. Management of bank accounts

   The management of the bank accounts was generally poor. There were no proper safeguards, bank reconciliations have not been performed, nor was there adequate segregation of duty in the bank signatory arrangement, among others.

   Very High Priority Recommendation:
   - o Internal controls over the management of bank accounts should be strengthened.

   Management agreed with the recommendations and is implementing them.

3. Migrants' well-being and safety

   The Country Office uses government-owned hostel for the temporary accommodation of the returning migrants prior to their reunion with their families. However, basic or minimum living/lodging conditions such as having separate rooms for male, female, and migrants with families, if any, and to establish the adequacy of safety and security arrangement have not been considered.

   Very High Priority Recommendation:
   - o Implement measures to safeguard the welfare, safety and security of the migrants.

   Management agreed with the recommendations and is implementing them.

4. Project implementation

The in-kind reintegration assistance to migrants had not begun and experienced delays resulting to a backlog of reintegration cases. In the absence of a timely reintegration assistance, migrants who had returned might easily re-migrate using irregular routes despite being aware of the related risks.

Very High Priority Recommendation:
   o Facilitate the implementation of collective or community-wide reintegration in order to limit the use of individualized to specific cases and consequently, accelerate the reintegration process.

Management agreed with the recommendations and is implementing them.

High Priority Recommendations:

1. Security arrangement

The Country Office did not comply with the recommendations of a security assessment performed in 2017 which identified security gaps exposing both staff and assets.

High Priority Recommendation:
   o The Country Office should follow through the recommendations of the security assessment report.

Management agreed with the recommendations and is implementing them.

2. Risk management

Risk management has not been considered by the Country Office in its operations and in making decisions or initiatives. As a result, risks were not being identified, assessed, reported, addressed and monitored in a formal and systematic manner.

High Priority Recommendations:
   o The Country Office should develop a risk management process to ensure that risks are timely identified, assessed, mitigated and managed.

Management agreed with the recommendations and is implementing them.

3. Mandatory IOM trainings

There were no mandatory IOM trainings conducted for the staff nor were the staff required to sign off the IOM Standard of Conduct.

High Priority Recommendation:
   o Ensure that all staff comply with the mandatory trainings and sign off IOM Standard of Conduct.

Management agreed with the recommendations and is implementing them.

4. Record management

The filing system in the Country Office is poorly managed, disorganized and most documents, including financial records are kept and scattered in a storage room which also doubles as the generator room. Poor filing and retention of documents could result in unauthorized access to information as well as disallowance of costs should a donor audit be commissioned.

High Priority Recommendation:
- o Establish proper filing system and ensure that documents are properly archived.

Management agreed with the recommendations and is implementing them.

5. Resource Management Unit

The Resource Management Unit (RMU) staff were performing programme related roles at the expense of the Unit's primary responsibilities. This staff who doubled as Officer-in-Charge performed both the resource management roles and operational and programme related roles.

High Priority Recommendation:
- o The RMU staff should be relieved of operational responsibilities in order to prioritize and concentrate on his RMU assigned roles.

Management agreed with the recommendations and is implementing them.

6. Proposed sub-office

The Country Office is scheduled to open a sub-office in Basse, however, the Office lacks adequate logistical capacity to open and manage and monitor the sub-office. Since the sub-office is to be established in a remote area, communication between the Country Office and sub-office could be problematic.

High Priority Recommendation:
- o Request additional funds to purchase a car and contract a reliable and efficient internet provider to improve the exchange of information between the sub-office (once it is established) and the Country Office.

Management agreed with the recommendations and is implementing them.

7. Vendor database

The Country Office uses ad hoc vendors who have not been screened and vetted using the requisite vendor information obtained from the Vendor Information Sheet (VIS). Consequently, there is no reliable vendor database. The lack of authorized vendors undermines the integrity and reliability of the procurement process. There is also no guarantee that the vendor used provides the best value for money.

High Priority Recommendation:
- o Prioritize the creation of adequate and effective vendor database.

Management agreed with the recommendations and is implementing them.

8. Delegation of Authority

The Country does not have a delegation of authority matrix. This presents a risk of unauthorized payments without prior approval being made.

High Priority Recommendation:
- o The Country Office should develop a delegation of authority that outlines a proper delineation of roles.

Management agreed with the recommendations and is implementing them.

9. Service contracts

There were no service contracts for key and essential services such as hostels used for temporary accommodation of returnees, car and bus rentals to transport returnees from the airport. The absence of contractual arrangements exposes the Country Office to potential legal disputes.

High Priority Recommendation:
- o The Country Office should ensure that contract for essential services are in place to safeguard IOM interest.

Management agreed with the recommendations and is implementing them.

10. Information and Communications Technology infrastructure

The Country Office had a very poor, intermittent and unreliable internet connection which severely impacted on its ability to communicate and access to its management system. Additionally, the CO lacks basic Information and Communications Technology (ICT) infrastructure as per ICT standards.

High Priority Recommendation:
- o A proper ICT infrastructure should be established to facilitate the exchange of information.

Management agreed with the recommendations and is implementing them.

11. Project planning

The planned activities and the expected outcome of a project work plan were not harmonized. Poor project planning could lead to potential project failure or inability to achieve the desired outcome in a timely manner.

High Priority Recommendation:
- o The Country Office should establish appropriate management structures to improve the Office's project planning capacity.

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 crystalize 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.