



International Organization for Migration (IOM)
The UN Migration Agency

OFFICE OF THE INSPECTOR GENERAL

IOM Country Office Manila Audit File No. PH201801

The IOM Office of Inspector General (OIG) conducted an internal audit of IOM Philippines' Country Office from 25 January to 9 February 2018. The audit covered the activities of the Country Office from January 2016 to December 2017. The OIG Assessed the Office as **Largely ineffective**, with 20 Key Findings and Recommendations.

In February 2018, a new management assumed the operations of the Country Office. The management accepted all 20 Findings and Recommendations detailed in the audit report. In November 2018, the management sent a comprehensive follow up report to the OIG, detailing the management's implementation of the 20 recommendations. As of 31 October 2019, the Country Office has closed 18 of the 20 findings (including all Very High and High Priority Findings). The 2 remaining findings are partially closed with an expected full closure by December 2019. Below is a summary of the IOM Country Office's Response to the findings

Management Response and Actions to the Internal Audit Report of PH201801 - IOM Manila

Very High Priority Recommendations

1. Risk Management

Finding: There was no documented risk management plan identifying the risk environment and providing mitigating measures commensurate with weaknesses and external threats such as funding, the volatility of the political environment and donor implications.

Recommendation: Identify an essential core structure to be maintained at a minimum in the event of funding reduction, as well as contingency measures to address all identified risks.

Management Response: *Recommendation implemented, and this finding is closed. A Country Office Risk Register was created. The register currently tracks 42 separate risk factors and for each risk factor identified contains a risk analysis, control assessment, and treatment plan. Additionally, the Risk Register contains a section dedicated to monitoring and review. Furthermore, IOM rolled out "PRIMA FOR ALL" in 2019 which is now the mandatory tool when developing new projects. The application requires that each project has its own Risk Register to track and monitor risks pertinent to that specific project. The identification of a core structure to be maintained is linked to IOM's broader initiative of the Internal Governance Framework.*



2. Financial Monitoring

Finding: There were no controls over project spending and insufficient monitoring of budgets, revenue and spending. It was noted that appropriate actions were not taken when shortfalls were noted.

Recommendation: Improved existing financial monitoring process and implement a process whereby reviews and approvals are properly in place.

Management Response: *Recommendation implemented, and this finding is closed. The Country Office created a project financial monitoring matrix. The workbook's structure specifically has in mind the element of simplicity to help project focal points to better understand their projects' financial situation and to help them plan their project activities. The workbook is updated every week and is shared with project focal points at the same time on the same day, to enable managers to know when to expect this information. The workbook contains a summary page to enable the Chief of Mission to see a summarized overview of all projects being managed and implemented by the Country Office, contains current exchange rates, Project Manager's responsibilities, details of overdue project reports and details of projects under development. Each project has its own spreadsheet within the workbook containing all pertinent information, particularly percentages of timeline elapsed, and percentage of resources consumed. During the weekly data update, analysis is undertaken by the Resource Management Officer, and any detected anomalies are brought to the manager's attention.*

The workbook is also used by finance staff when certifying funds availability in purchase requisitions, travel authorisation forms and similar documents. Spending controls have been tightened – specifically, invoices must not be processed unless they are able to be matched to a properly authorized contract or order, which has been through a funds' availability process. A delegation matrix of signature authority was updated and is in force to ensure that commitment approvals occur at the appropriate levels.

3. Purchase Orders

Finding: There were some manually prepared purchase orders, which were not recorded in the system. Furthermore, many purchase orders remained unpaid with either goods not received or being held at the supplier's premises, incurring further warehousing costs.

Recommendation: Ensure that all purchase orders are properly recorded and monitored.

Management Response: *Recommendation implemented, and this finding is closed. The use of manual purchase orders was discontinued. PRISM PO's are generated even if the purchase order is for internal use only (e.g. where the agreement is based on a contract rather than a purchase order). Ensuring that there is a PRISM PO enables effective reports to be generated (via T-Code ZME2) to monitor goods/services which are not recorded as having been delivered and to monitor where corresponding invoices have not been posted.*



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4. Contracts with Implementing Partners

Finding: Several contractual agreements had been entered into with implementing partners using a letter of invitation, which is a form used to cover third party transportation and travel costs.

Recommendation: Fully comply with IOM guidelines on documentation, review and approval of contractual agreements with implementing partners.

Management Response: *Recommendation implemented, and this finding is closed. Letters of Invitation are signed/approved at the appropriate level and that such letters of invitation's will not be signed unless they are limited to the coverage of transportation and travel costs of non-IOM staff. Letters of Invitation are always issued to individuals, and never to organizations such as implementing partners. The contractual agreements with Implementing Partners fully complies with IN/168 Rev. 2 Annex 20.6 and IN/99 (Template Type B1).*

5. Project Planning

Finding: There was no strategic and realistic operational planning in place. New agreements were entered into without consideration of project feasibility and capacity.

Recommendation: Communication protocols and project management should be put in place.

Management Response: *Recommendation implemented, and this finding is closed. IOM Senior Management instituted weekly staff meetings and invested heavily in capacity building of staff in terms of project management. The feasibility of potential project is now part of a risk management analysis in developing projects and included in PRIMA. The Country Office also actively identifies funding opportunities, maintains robust records of initiatives which are developed, along with the results of the resource mobilization efforts and reasons for rejection as a 'lessons learned' opportunity.*

High Priority Recommendations

1. Memorandum of Understanding

Finding: The memorandum of understanding signed between the host government and IOM lack the written notification by the host government for this memorandum to fully enter into force.

Recommendation: Obtain notification from the host government through proper channels.

Management Response: *Recommendation is implemented, and this finding is closed. IOM has excellent standing with Government of Philippines. IOM enjoys full privileges and immunities as recently demonstrated in both acceptances of appointments of Chief of Mission and Director of Manila Administrative Centre.*



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2. Human Resources Planning

Finding: Existing resources are not aligned to strategic resource requirements. In addition, there are parallel organizational charts in place which were not consistent with IOM guidelines. Communication is not consistent across levels.

Recommendation: Human resource requirements be carefully planned to consider existing resources and additional requirements, prior to accepting new projects.

Management Response: *Recommendation implemented, and this finding is closed. The Country Office has adopted one organization chart. Weekly staff management meetings are in place to enhance communication. Also, the CO adopted a practice where the process of recruiting to new positions, which are created as a result of a new project, is commenced even before the funding agreement is signed, but that financial commitments such as employment offers are withheld until funding is secured. With this strategy, it is anticipated that projects will be able to enjoy a full complement of key staff from the beginning of the project.*

3. Amendments to Funding Agreement

Finding: Projects have been allocated certain costs which fall outside of agreed-upon budgets.

Recommendation: Obtain prior donor approval to amend budgets to cover certain costs if not included in the funding agreement.

Management Response: *Recommendation implemented, and this finding is closed. The Country Office judiciously examines expenses before they are incurred, to ensure that such expenses will be eligible for the projects which will fund those expenses. Strong justification is required in purchase requisition forms and travel authorisation forms, preferably containing a link to a project's results matrix. Proposed expenses which are not related to a project are reviewed to determine whether such expenditure should proceed with the use of non-donor funding.*

4. Sign-off of Agreements

Finding: Several lease agreements were signed retroactively, sometimes over three months after the date of occupancy.

Recommendation: Timely signing of agreements to avoid legal complications.

Management Response: *Recommendation implemented, and this finding is closed. A matrix of all agreements has been created and is maintained by the Procurement Unit. The end dates of those agreements are regularly monitored and, if an agreement is to be extended, the coordination process is initiated at an early time to avoid the contract lapsing.*



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5. Donor Relationship

Funding: Spending continued for projects along funding had not been received and an outstanding receivable was several months overdue. Further, donor reporting had been delayed.

Recommendation: Maintain open and transparent communication with donors as well as ensuring reporting is done in a timely manner.

Management Response: *Recommendation implemented, and this finding is closed. The financial monitoring matrix referring to the above ensures that the Country Office manage approaching end dates of projects. Special and separate monitoring mechanisms are created for those projects which are nearing their completion, to ensure that the resources are fully consumed by the completion date, which will mean they do not continue spending after the end date. Finishing the spending during the month of project completion also helps to ensure that final financial reports are completed and submitted in a timely manner. One of the monitoring mechanisms for projects nearing their completion is a “countdown view” where the project’s resources are managed down to zero balance. Separately, the Country Office ensures that project accruals are posted in a timely manner and, through the ZARA report which is signed and submitted to the Regional Accounting Focal on a monthly basis, that project receivables are followed up regularly. In the event that a donor dishonors the funding agreement, the situation is immediately escalated to an appropriate level of management for a decision whether to suspend that project until such time as the resources are received.*

6. Funding Source

Finding: The Country Office is heavily reliant on one project. IOM visibility as a partner for the project and the use of the donor logo were questionable.

Recommendation: Mitigate some of the risks relating to the lack of funding diversification and correct use of IOM and donor logos on correspondence immediately.

Management Response: *Recommendation implemented, and this finding is closed. The Country Office dedicated more effort to the development of new projects, as explained above to address the point of donor logos, the Country Office has recently created a new staff position which is dedicated to media and communications, and the incumbent of this position is expected to be well-versed in the relevant rules, regulations and protocols concerning IOM and donor visibility. Project implementation staff are encouraged to consult with this individual on matters of media, communications and visibility.*

<p>OIG/Internal Audit COMMENT: Based on the action plans and documentation provided by the Country Office, Internal Audit validated the progress of implementation of the recommendations and has assessed that 18 out of the 20 findings as fully implemented. Internal Audit encourages the Office to continue pursuing the full implementation of the remaining 2 recommendations.</p>
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