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IOM International Organization for Migration

**EXECUTIVE SUMMARY**  
**INTERNAL AUDIT REPORT**  
**IOM The Hague**  
**NL201801**  
**17 - 21 September 2018**

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

**Report on the Audit of IOM The Hague**  
**Executive Summary**  
**Audit File No. NL201801**

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM The Hague, Netherlands (the “Country Office”) from 17 to 21 September 2018. 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 September 2016 to September 2018. The Country Office recorded the following expenses based on IOM financial records:

- 2016 – USD 17,688,430 representing 1.10 per cent and 11.63 per cent of IOM Total and European Economic Area, respectively.
- 2017 – USD 14,785,993 representing 0.92 per cent and 7.37 per cent of IOM Total and European Economic Area, respectively.
- January to September 2018 – USD 10,697,241 representing 0.80 per cent and 6.36 per cent of IOM Total and European Economic Area, 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 **substantially effective** which means “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.”

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

1. Vendor management
2. Fleet management and fuel consumption

**Key recommendations: Total = 21; High Priority = 2; Medium Priority = 18; Low Priority = 1**

For the 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 two (2) High priority recommendations in Procurement and Logistics are presented below:

- Fully comply with IOM guidelines on vendor management.
- Implement vehicle tracking system for both IOM owned and leased vehicles.

There remain 18 Medium priority recommendations consisting of: 3 recommendations each in Management and Administration, Finance and Accounting, and Programme and Operations, 4 recommendations in Personnel, 2 recommendations each in Procurement and Logistics and Contracting, 1 recommendation in Information Technology, 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.

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

## Management comments and action plans

All 21 recommendations were implemented and closed as of June 2020. 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 The Hague, Netherlands. As of September 2018, the Country Office has 83 personnel categorized into: 3 officials, and 80 staff. The Country Office recorded the following expenses based on IOM financial records for the following periods:

- 2016 – USD 17,688,430 representing 1.105 per cent and 11.639 per cent of IOM Total and European Economic Area, respectively.
- 2017 – USD 14,785,993 representing 0.924 per cent and 7.370 per cent of IOM Total and European Economic Area, respectively.
- January to September 2018 – USD 10,697,241 representing 0.806 per cent and 6.366 per cent of IOM Total and European Economic Area, respectively.

The Country Office has a total portfolio of 37 projects and total budget of USD 57,335,025. The top 2 projects by type:

- 16 Projects for Return Assistance amounting to USD 45,587,448 or 79.07 per cent of the budget.
- 7 Projects on Resettlement Assistance amounting to USD 6,873,629 or 11.99 per cent 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 **substantially effective** which means “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.”

#### **IV. Findings and High Priority Recommendations**

1. Vendor management

There were weaknesses noted in vendor verification, documentation, and evaluation.

High Priority Recommendation:

- Fully comply with IOM guidelines on vendor management.

2. Fleet management and fuel consumption

There is no proper reconciliation between the vendor monthly statements and the refueling cards receipts to ensure completeness and accuracy. Furthermore, there is no fuel consumption monitoring and analysis of the average fuel consumption per vehicle to ensure reasonableness.

High Priority Recommendation:

- Implement vehicle tracking system for both IOM owned and leased vehicles.

*Management agreed with the recommendations, and all two key findings and high priority recommendations presented have been closed and implemented as of June 2020.*

## ANNEXES

### Definitions

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

<b>Descriptor</b>	<b>Guide</b>
<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.