IOM International Organization for Migration

**EXECUTIVE SUMMARY**

**INTERNAL AUDIT REPORT**

**IOM Personnel Administration**

**PA201801**

**May to October 2018**

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

**Report on the Audit of IOM Personnel Administration**
**Executive Summary**
**Audit File No. PA201801**

The IOM Office of the Inspector General (OIG) conducted an internal audit of Personnel Administration in Manila Human Resources Operations and Global Manila Administrative Centre from May to October 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 Personnel Administration Unit in order to ensure that these are well understood and controlled by the Chief Human Resources Operations and Administrative Services and Personnel Administration unit staff. Selected samples from the following areas were reviewed:

      a. Management and Administration
      b. Personnel Administration
      c. Security

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 the management of the units involved 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 the management of the units involved to determine whether the areas the internal audit covered and the extent of verification or other checking included are adequate for their respective 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 Personnel Administration unit as **partially effective** which means that "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, and those that are correctly designed are operating effectively."

The rating was based on weaknesses noted in the following areas:
    1. Organization structure
    2. Staff entitlements
    3. Standard operating procedures
    4. Segregation of duties
    5. Staff leaves and travel on duty
    6. Employment contracts
    7. Staff training
    8. Confidentiality agreements and staff records filing

9. Personnel actions and contract extensions
10. Human resource system support

**Key recommendations: Total = 16; Very High Priority = 2; High Priority = 8; Medium Priority = 6**

Recommendations made during the internal audit fieldwork and in the report aim to equip the departmental managers and staff to review, evaluate and improve their own internal control and risk management systems over the personnel administration process.

**Very High Priority Recommendation**

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 two (2) very high recommendations, one (1) each in Management and Administration and Personnel Administration, as follows:

o Review the restructuring document and evaluate IOM's continued growth to ensure that human resources operations are well managed, including the context of IOM's new status within the United Nations system.
o Review existing processes and procedures over staff entitlements, including roles and responsibilities.

**High Priority Recommendations**

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.

There are eight (8) high priority recommendations, consisting of six (6) recommendations in Management and Administration and two (2) recommendations in Personnel Administration.

o Review and update processes and procedures documentation.
o Revisit the assignment of roles and levels of access to the IOM management system.
o Review the organization structure and set up a system to allow swapping of roles within the respective geographical coverage.
o Review and update employment contracts following IOM guidelines
o Establish training protocols in compliance with IOM standards.
o Comply with mandatory sign-offs on confidentiality agreements and ensure certificates of training completion are consistently prepared and filed in the personnel files.
o Strengthen coordination and fully comply with IOM guidelines on administering personnel actions and contract extensions.
o Coordinate and work with business partner to determine priority of issues to be resolved and co-develop sustainable solutions.

There remains 6 Medium priority recommendations consisting of: 2 recommendations in Management and Administration, 3 recommendations in Personnel Administration; and 1

recommendation in Security, which need to be addressed by the units involved within one year to ensure that such weaknesses in controls will not moderately affect the unit's ability to achieve its entity or process objectives.

There were no Low priority recommendations noted.

**Management comments and action plans**

All 16 recommendations were accepted. Management of the units involved is in the process of implementing the remaining 15 open recommendations. 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 IOM Personnel Administration

The audit of the Personnel Administration was done in Manila, Philippines, from May to October 2018.

## 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 and risk management 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 Personnel Administration unit, in order to ensure that these are well understood and controlled by the Chief Human Resources Operations and Administrative Services and Personnel Administration staff involved in the processes. Recommendations made during the internal audit fieldwork and in the report aim to equip the departmental managers and staff to review, evaluate and improve their own internal control and risk management systems.

## III. Audit Conclusions

### 1. Overall Audit Rating

OIG assessed Personnel Administration unit as **partially effective** which means that "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, and those that are correctly designed are operating effectively."

## IV. Key Findings and Very High and High Priority Recommendations

Very High Priority Recommendations:

1. Organizational Structure
   Personnel Administration unit has a flat organizational structure which was noted to be ineffective leading to inefficient work distribution and limited capacity.

Very High Priority Recommendation:
- o Review the restructuring document and evaluate IOM's continued growth to ensure that Human Resources operations are well managed, including the context of IOM's new status within the United Nations system.

2. Staff entitlements
There were no standard processes and procedures covering the verification of staff entitlements, authorization, payment, and monitoring.

Very High Recommendation:
- o Review existing processes and procedures over staff entitlements, including roles and responsibilities.

High Priority Recommendations:

1. Standard operating procedures
The unit has an established process flows, however, there were identified activities which were not accurately reflected in the process flow.

High Priority Recommendation:
- o Review and update processes and procedures documentation.

2. Segregation of duties
Given the flat organizational structure of the Personnel Administration unit, there were challenges in the assignment of roles and responsibilities to ensure proper segregation of duties.

High Priority Recommendation:
- o Revisit the assignment of roles and levels of access to the IOM management system.

3. Staff leaves and travel on duty
The current review/verification process (buddy system) was observed to be ineffective in properly tracking staff's leaves and travel on duty due to the massive workload and inadequate human resources capacity in the Personnel Administration unit.

High Priority Recommendation:
- o Review the organizational structure and set up a system to allow swapping of roles within the respective geographical coverage.

4. Employment contracts
There were significant deficiencies noted during the review of personnel files such as outdated contracts, grading, and terms of reference.

High Priority Recommendation:
- o Review and update employment contracts following IOM guidelines.

5. Staff training
   There were no standard training protocols for the identification of training needs and conduct of training programmes.

   High Priority Recommendation:
   o   Establish training protocols in compliance with IOM standards.

6. Confidentiality agreements and staff records filing
   None of the personnel files reviewed had confidentiality agreements signed. Training certificates were also not consistently filed.

   High Priority Recommendation:
   o   Comply with mandatory sign-offs on confidentiality agreements and ensure certificates of training completion are consistently prepared and filed in the personnel files.

7. Personnel actions and contract extensions
   There were several weaknesses noted in the processing and approval of personnel actions and contract extensions.

   High Priority Recommendation:
   o   Strengthen coordination and fully comply with IOM guidelines on administering personnel actions and contract extensions.

8. Human resource system support
   There were noted errors due to system limitations and gaps in the human resource process.

   High Priority Recommendation:
   o   Coordinate and work with business partner to determine priority of issues to be resolved and co-develop sustainable solutions.

*Management agreed with the recommendations and is implementing them. One key finding and high priority recommendation already closed.*

**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. |