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## OFFICE OF THE INSPECTOR GENERAL

### IOM Country Office Sana'a Audit File No. YE201701

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM Sana'a, Yemen (the "Country Office") from 16 to 23 May 2017. The audit assessed the risk exposure and risk management of the Country Office's (CO's) activities, in order to ensure these are well understood and controlled by the country-level management and staff. The audit covered the activities of the CO from 1 January 2016 to 31 March 2017. The results of the audit are public and can be accessed through IOM's global website<sup>1</sup>.

The audit determined that the mission was largely ineffective, and of the audit findings, 27 were considered high risk and very high risk. With a mission budget of over USD 150 million, and taking into consideration the extreme humanitarian needs inside Yemen, IOM has put measures in place to improve mission functionality; this has included increases in staffing and capacity, the prioritization of accountability measures to control risk and the decentralization of leadership to allow for more effective field management of programmes.

<b>Number of Findings to be addressed</b>	<b>Status (as of 2017)</b>	<b>Current Status (as of October 2019)</b>
High Risk	25	3
Very High Risk	2	0
<b>Total</b>	<b>27</b>	<b>3</b>

A new Senior Management Team was recruited and joined the CO in Yemen in November of 2018, and the CO subsequently requested a follow up audit in order to review the progress made on findings from the 2017 audit. The IOM Office of the Inspector General (OIG) sent an internal auditor to conduct a review exercise in Sana'a, Yemen from 18-25 March 2019.

The following report provides an explanation of the actions taken since the 2017 audit and the current state of the IOM Yemen office as of October 2019.

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<sup>1</sup><https://www.iom.int/sites/default/files/about-iom/audit/ye201701-iom-sanaa.pdf>



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## **Management Response and Actions to the Internal Audit Report of YE201701 – IOM Sana'a**

### **Management and Administration**

#### **Finding No. 1: Need for risk assessment and a tailored risk management framework**

##### **Finding Closed**

*IOM's Global Chief Risk Officer (CRO) travelled to Sana'a to perform a risk management assessment of the mission and help the mission create a risk management strategy that takes into account all risks associated with implementing a large-scale operational response in a fragile context such as Yemen. Additionally, she conducted a training focused on risk assessments for mission Senior Management in July 2019. The Risk Management Strategy considers the various risk exposures and fragile control environment in Yemen, as well as the current structure of the CO, internal controls and project management capacity, to establish the Mission's effectiveness to manage risks within the current posturing, available skills and resources at its disposal (see Finding No. 3).*

*With the establishment of a Programmes Support Unit (January of 2019) the review of risks; security, operational and reputational is ongoing and raised/reviewed at weekly coordination meetings.*

#### **Finding No. 2: Setting the tone for a smooth internal coordination, and for a well-functioning management, supervision, monitoring and implementation of the programmes**

##### **Finding Closed**

*With the aim of improving mission governance, the CO has increased information sharing and holds regular thematic and operational trainings in order to increase capacity of all staff and to ensure a harmonized approach to programmes implementation and oversight. Weekly senior management meetings, weekly sub office coordination phone calls, regular all staff meetings and regular engagement with the Staff Association contribute to enhanced adherence to IOM regulations as well as increased program coherence and synergy. In 2019, two strategic meetings have taken place with Programmes Managers, key national team members and unit leads to build the IOM Yemen strategy (for 2019-2021) and to increase the impact of IOM programming.*

*Specific to programmes management, the establishment of project inception and close out meetings, and regular centralized monitoring, have contributed to punctual reporting and increased programmes oversight.*



**Finding No. 3: Need for analysis on the capacity of the Country Office to operate under a decentralized model with a sufficient level of control**

**Finding Closed**

*In 2019 the CO focused on capacitating the sub offices in order to increase accountability and field operations. Bolstering field level capacity requires professionals in sub offices. At the time of the March 2017 audit, the IOM team in Yemen consisted of only 12 international professionals, as dispersed below:*

<b>March 2017</b>	<b>Sana'a</b>	<b>Aden</b>	<b>Hudaydah</b>	<b>Marib</b>
Management	1	1	1	
Programmes Support	1			
Technical Officers (Camp Management, Water/Sanitation, Health, Shelter, DTM etc)	2	1		
Procurement and Logistics and ITC	1			
Resources Management/Finance/Human Resources	2			
Security				
Health	2			
<b>Totals</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>0</b>

*The Yemen office has recruited an experienced management team to ensure that an international professional manages each program and thematic unit. As of October 2019, 58 International Professionals are operating in Yemen for IOM, a 480 per cent increase when compared with IOM staffing at the time of the March 2017 audit.*

<b>October 2019</b>	<b>Sana'a</b>	<b>Aden</b>	<b>Hudaydah</b>	<b>Marib</b>
Management	2	1	1	1
Programmes Support	6			
Technical Officers (Camp Management, Water/Sanitation, Health, Shelter, DTM etc)	14	2	1	6
Procurement and Logistics and ITC	4	2		2
Resources Management/Finance/Human Resources	6	1	1	1
Security	2			1
Health	3	1		
<b>Totals</b> <sup>2</sup>	<b>37</b>	<b>7</b>	<b>3</b>	<b>11</b>

*IOM Yemen Senior Management has also prioritized the expansion of offices, guesthouses and warehouses.*

<sup>2</sup> Inclusive of six thematic/operational experts on extended assignment to Yemen (as of 28 Oct)



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**Finding No. 4, 5, and 6: Need to further clarify, elaborate and coordinate with human resources management on the application of special entitlements, rest and recuperation rules, and to review travel expense claim payments one year retroactively**

**Finding Closed**

*The CO has been proactive in putting into place internal control systems to better coordinate and systemize office operations; such as human resources, resource management, staff travel, security, information technology and communications.*

*The CO has worked on the backlog of travel expense claims (TEC). The management has notified all staff regarding the travel rules and requirements. Other notable improvements include the following:*

- The CO has drafted and will share a local instruction on rest and recuperation (RR) rules. Since new management joined the CO in September 2018, Rest and Recuperation has been administered with oversight by senior management and human resources to ensure that officers are compliant with rules and regulations governing RR.*
- The establishment (recruitment/training) of the CO Staff Travel Unit to centralize all official IOM travel both domestically and internationally. Systemization is further bolstered by the implementation of the Travel Authorisation and Settlement System (TASS), and the streamlining and enforcement of security rule related to official travel.*
- The CO focused on the regularization of staff vendor accounts to clear previous balances as well to address backlogs in the submission of travel expense claims.*

**Finding No. 7: Non-compliance with security standards, and security officer position vacant**

**Finding Closed**

*The CO has taken significant steps to ensure compliance to United Nations Department of Safety and Security (UNDSS) and IOM SSU standards. The IOM Yemen team now consists of three international Field Security Officers, two National Security Officers, four Local Security Assistants and two security focal points. More importantly, IOM maintains dedicated security personnel in all offices and sub offices.*

*In Sana'a, Marib, Aden and Hudaydah IOM has constructed/is constructing additional offices and accommodation, in coordination with UNDSS and in compliance with United Nations Security Management System (UNSMS) standards. The additional accommodation in Sana'a was completed in September of 2019.*

*All IOM International professionals have completed the Safe and Secure Approaches in Field Environments (SSAFE) training. National and international team members have been trained to properly request and secure security permissions for field travel and a robust monitoring system has been established.*



## Personnel

### **Finding No. 8: Ambiguity on the conditions of service governing local staff; need to implement local staff rules or to roll-out Unified Staff Regulations and Rules**

#### **Finding Closed**

*In response to specific audit findings related to staff rules, the IOM Unified Staff Regulations and Rules (USRR) had been implemented with a specific annex related to those special conditions that are applicable for staff in the Yemen CO. It is the responsibility of the HR management team to ensure that staff members are fully aware of the USRR and that staff have appropriate contracts.*

*A significant human resource restructuring exercise began in October of 2018 and is ongoing. All unit terms of reference, both operational and programmatic, have been reviewed, and where necessary redrafted, to ensure harmonization with global/CO standards. Where applicable, a competitive recruitment process has taken place. The CO Human resources team has grown from one international and 4 national team members to 2 international Officers and 12 national team members.*

*Below is a comparison of staff contracts at the time of the March 2017 audit, to date.*

<b>Contract Type- Comparison</b>			
<b>#</b>	<b>STAFF</b>	<b>2017 March</b>	<b>2019 October</b>
1	OYFT (G)	0	41
2	SFT (G)	0	24
3	SST Graded (G)	68	60
4	SST Ungraded (G)	4	9
5	Regular(P)	2	2
6	T/OYFT (P)	4	16
7	SFT (P)	1	8
8	SST Graded (P)	4	17
9	SST Ungraded (P)	0	9
10	Hourly Workers	0	257
11	Third Party Contracted staff	447	441
12	Consultant	1	4
<b>TOTAL</b>		<b>531</b>	<b>888</b>

### **Finding No. 9: Service provider agreements for personnel recruitment and administration**

#### **Finding Ongoing**

*While IOM Yemen maintains a valid agreement with a service provider, the team has not prioritized a new tender due to the operational context in the country. Instead the CO has focused on undertaking internal measures to handle third party contracted staff.*



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**Finding No. 10: Undertaking for volunteers and WASH focal points not formalized, and without Occupational Insurance (Compensation Plan) coverage**

**Finding Closed**

*The CO no longer requires the participation of volunteers for the implementation of its projects. All non-staff working on projects are covered by the compensation plan starting 19 March 2019.*

**Finding No. 14: A need to conduct a thorough analysis of the Country Office's financial performance**

**Finding Closed**

*The CO has a strong Programmes Support Team and Resource Management team to ensure that mission activities and expansion are properly resourced. An overall mission budget, complete with forecasting has been created and is updated monthly to ensure that mission functionality and programmes are sustained. The mission is further bolstered by strong donor engagement through regular monthly/quarterly reporting, frequent donor missions and regular meetings with donors/stakeholders help to ensure that IOM programming needs are fulfilled and that new/additional resources are committed. To date, the CO maintains a healthy resource pipeline and the IOM Yemen 2019 Consolidated Appeal is 83 per cent funded.*

**Finding No. 15: Some reported sundry expenses not in line with IOM's financial management procedures**

**Finding Closed**

*The CO management has taken appropriate steps to ensure that the process is now compliant with IOM guidelines.*

**Finding No. 16: Delayed recognition of expenses under projects**

**Finding Closed**

*The expenses mentioned have been cleared and recoded to the proper project code.*

**Finding No. 17: Provision for termination gratuity for service provider staff inaccurately calculated and incorrectly credited to expenses**

**Finding Ongoing**

*The end of service calculation has been shared with the respective IOM departments at the Headquarters for their review and advice. The office is expecting advice on the proper mechanism of handling these costs.*



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## **Finance and Accounting**

### **Finding No. 18: Projectization not provided**

#### **Finding Closed**

*As mentioned in Finding 14, a mission master budget has been created to ensure that all mission costs, both operational and programmatic, are comprehensively monitored and that IOM's 20 active projects can be viewed individually, as well as holistically. All mission staff and office costs have been incorporated into the master budget and project lines have been assigned accordingly.*

*The CO is currently funded to support all programmes, activities and operations. Strong Programmes Support and Resources Management teams are in place to ensure appropriate financial management and forecasting.*

### **Finding No. 19: Cash management needs to be streamlined.**

#### **Finding Closed**

*The existing cash administration has been re-assessed with the objective of keeping cash balances to a minimum.*

*The cash count performed during the follow up audit, for USD and YER currency showed both accounts had the minimum balance and matched with PRISM records.*

### **Finding No. 20: Considerable risk exposure from high bank balances.**

#### **Finding Closed**

*The CO has a total of six bank accounts in YER and USD in the three different locations of its operations, which is assessed as reasonable.*

*As per the bank statement of both USD and YER for the month of January and February 2019, the balance of the YER currency was kept at the minimum and USD balance is enough to cover one month of CO's expenses, in accordance with IOM internal protocols.*

## **Procurement and Logistics**

### **Finding Nos. 27, 28, 29 and 30: Procurement management**

#### **Finding Closed**

*The Procurement and Logistics unit has been expanded to allow for appropriate management and effectiveness of a large L3 emergency. The CO has recruited a Head, Procurement and Logistics and four additional professional officers, divided between the main office and sub-offices, while one more recruitment is in progress. The procurement and logistics team has also been supplemented by additional national staff at both the Sana'a and sub office level. The Procurement and Logistics Unit (PLU) is*



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*developing a standard operating procedure (SOP) for procurement procedures which will be circulated in November 2019.*

*To further ensure strong PLU system development, management and oversight the CO has weekly coordination meeting with sub-offices that increase information sharing and promote joint problem solving.*

*There are specific documents that have been established as requirement to approve of any vendor or supplier request, such as filled vendor creation form, taxation card, official registration card, bank details and checks on the UN website blacklist.*

*Given the fragile control environment, the CO is using the OTV as a transit vendor, enabling IOM to pay for hourly staff or for incentives. The use of this OTV was for easy tracking since it was directly charged through FB50.*

*Finding Nos. 27, 28, 29, and 30 Closed. However, the purchases and procurement is an ongoing exercise and vigilance will be exercised to keep its efficiency and effectiveness*

### **Finding No. 31: Poor control of reception of goods and services**

#### **Finding Closed**

*Since the introduction of the Procurement and Logistics Management team, warehouse management has been established, an SOP for CO warehouse systems has been created and PLU staff and programmatic units have been trained on appropriate warehousing procedures. Regular inventory, the introduction of stock cards and the involvement in programmes focal points to receive goods and verify quality and quantity, has all contributed to better warehouse management. For goods released from the warehouse, an airway bill form is filled in and signed off.*

*An asset focal point trained to register all assets and perform physical checks will be appointed by November 2019.*

### **Finding No. 32: Poor warehouse management, stocktaking not provided**

#### **Finding Closed**

*IOM manages 18 warehouses in Yemen. With the arrival of the Head, Procurement and Logistics Unit and subsequent P3 and P2 Officers the mission has prioritized a reconciliation and assessment of warehouse capacity to ensure that locations/type/management of each warehouse was efficient and fit for purpose. The CO is in the process of consolidating warehouses in close proximity as well as expanding and establishing new warehouses in strategic areas wherein IOM operates.*

*The three main warehouses in Sana'a, Aden and Hudaydah provide weekly physical inventory exercises and the PLU management team has prioritized the recruitment and training of dedicated warehouse assistants.*





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**Finding No. 33: Outdated inventory of fixed assets and no physical count in the sub-offices**  
**Finding Ongoing**

*The CO has prioritized the completion of a complete inventory for all of IOM Yemen. Physical inventory for Sana'a and Hudaydah offices has been completed and Aden and Marib will follow, with a target completion and submission date of December 2019.*

*Since the arrival of the Procurement and Logistics Officer to Sana'a in June of 2019, there has been a quality control check of all assets, and an assessment of all those items recorded in PRISM, to ensure that those assets that have been disposed of or donated are appropriately recorded.*

**Programme and Operations**

**Finding No. 36: Disorganized donor reporting schedules**  
**Finding Closed**

*Project reporting is up-to-date and in 2019, since the establishment of the Project Development and Programmes Support Unit, only 1 report on the 30 (active/closed thus far in 2019) reports has been submitted past the donor submission deadline. The Programmes Support Unit has grown from 1 professional in 2017 to 6 in 2019, and coordinates with donors, partners, IOM Senior Management and Programme Managers to ensure IOM and donor compliance on project development, reporting, monitoring, media/comms and project implementing partners.*

*Through robust project monitoring and in coordination with the Resource Management Unit to ensure financial review and compliance, the CO has developed and implemented systems to ensure punctual donor reporting.*

**Finding No. 37: Poor control on implementing partners performance as regard to non-food items distribution.**

**Finding Closed**

*The CO recruited an International Officer in February of 2019 to systemize and monitor all grants to IOM implementing partners. She has been joined by a team of national monitoring and evaluation assistants and the Grants Compliance team has provided training to programmes staff, procurement and logistics teams, in both Sana'a and field offices.*

*The Grants Compliance Unit works closely with the Programmes Support and the Resource Management Units to ensure that IPs are managed in line with donor and thematic requirements, and IOM internal procedures are adhered to.*



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**Finding No. 38: Accuracy of tracking from procurement to distribution of non-food items.**

**Finding Closed**

*The CO completed the recruitment of an experience Senior Emergency Operations Coordinator (February 2019), as well as a Program Manager for shelter and non-food items (NFI) and cash interventions. The management team is further bolstered by a Shelter and NFI Project Officers based in Al Hudaydah and Marib. The management team has put in place systems for warehousing, delivery and distribution of non-food items.*

*In 2019, the mission has decentralized and placed managers across three sub and field offices to directly train and monitor staff activities related to warehousing and distributions. Through verification of beneficiary lists and robust monitoring, the CO has increased the accuracy of tracking of items and recipients of non-food items.*

*In 2019, the CO has prioritized the expansion of the Community Feedback Mechanism which provides an additional layer of distribution monitoring and encourages feedback from project recipients through a confidential complaints' and feedback hotline and emails address.*

*To further address gaps in accuracy and tracking, warehouse management has been consolidated under the Procurement and Logistics Unit, and a detailed inventory and quality assurance system has been implemented.*

**OIG/Internal Audit Comment:** It is important to note that the large majority of the 2017 audit findings have been addressed and closed, as validated by Internal Audit through a follow up visit on site that took place in March 2019, as well as through the review of documentation and updates provided by the Country Office's senior management. Internal Audit would like to encourage the Country Office to pursue the implementation of the remaining open recommendations. Although the results of the follow up audit have been positive, given the fragility and complexity of operations in Yemen, the Inspector General has recommended an annual assurance visit either through inspection or internal audit functions of the OIG.