



International Organization for Migration (IOM)
The UN Migration Agency

EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
Global Emergency Response Level 3
3P201902
March – May 2019

Issued by the Office of the Inspector General

**Report on the Audit of IOM Global Emergency Response Level 3
Executive Summary
Audit File No. 3P201902**

The IOM Office of the Inspector General (OIG) conducted an internal audit of the deployment protocols within the Global Emergency Response Level 3 structure, operations and protocols management at the Department of Operations and Emergencies from 1 to 12 April 2019 at the Headquarters. While testing of emergency related operations was undertaken in two field locations under Level 3 status at the time of the audit fieldwork, country office Yemen (18 to 25 March 2019) and the Rohingya Response under country office Bangladesh (29 April to 6 May 2019).

The internal audit aimed to assess the risk exposure and the risk management of the Global Emergency Response Level 3, in order to ensure that these are well understood and controlled by the responsible managers and the concerned country offices and staff implementing Level 3 operations. Selected samples from the following areas of IOM's framework for Global Emergency Response Level 3 were reviewed:

- a. Governance/Policies and Protocols and Organizational Structure
- b. Risk Management/Risk Strategy
- c. Risk Management/Internal Control Framework
- d. Compliance and Monitoring/Monitoring Tools
- e. Compliance and Monitoring/Headquarters, Regional Offices and Country Offices
- f. Follow-up/Knowledge Management

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 the process for deployment protocols within the Global Emergency Response Level 3 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. Organizational structure and terms of reference
2. Standard operating procedures
3. Leadership model for Level 3 emergency

4. Institutional deployment protocols
5. Risk management plan for Level 3 operations
6. Cash based intervention tools
7. Cash for work activities
8. Staffing in Procurement and Logistics unit
9. Administration of migration emergency funding
10. Crisis management support funding
11. Cash disbursements to beneficiaries
12. Fleet management
13. Warehouse management

Key recommendations: Total = 21; High Priority = 13; Medium Priority = 7; Low Priority = 1

Recommendations made during the internal audit fieldwork and in the report aim to equip the departmental senior management to review, evaluate and improve their own internal control and risk management systems over deployment protocols within the Global Emergency Response Level 3 structure and operations.

High Priority Recommendations

For the high priority recommendations, prompt action is required to ensure that IOM will not be adversely affected in its ability to achieve its strategic and operational objectives.

There are 13 high priority recommendations, consisting of: 4 recommendations in Governance/ Policies and Protocols and Organizational Structure, 3 recommendations in Risk Management/Internal Control Framework, 1 recommendation each in Risk Management and Risk Strategy, Compliance and Monitoring/Monitoring Tools, Compliance and Monitoring/ Headquarters, Regional Offices and Field Offices and 3 general recommendations.

- Update the Department of Operations and Emergencies – Preparedness and Response Division’s organization charts, clearly defining the functions and reporting lines to ensure that the structure is fit for purpose regarding Level 3 responsibilities.
- Department of Operations and Emergencies senior management should review and revise the Level 3 Corporate Procedures, including the Rationale and Concept Note and Standard Operating Procedure table.
- Establish a leadership model that will fit Level 3 emergencies and update emergency response organization chart.
- Strengthen institutional deployment protocol to ensure that IOM staff are released to participate in surge teams.
- Close collaboration with the Chief Risk Officer, should conduct a programme-specific risk assessment as a first step in formulating a Department of Operations and Emergencies’ risk management plan
- Review the cash-based intervention internal standard operating procedures/manual to reflect all changes on cash-based intervention activities including the collective action points from the cash-based intervention workshops.
- Clarify the roles of technical functions when an emergency response takes place and periodically monitor implementation of cash-based intervention strategy, controls, and guidelines.

- Chief of Mission should engage with Department of Operations and Emergencies/ Department of Resources Management on addressing the capacity issues in Procurement and Logistics unit.
- Recommendations on Migration Emergency Funding in the OIG Evaluation report of 2016 should be addressed and followed-up by the Senior Management.
- Department of Operations and Emergencies should consider issuing an internal guidance or another regulatory document describing crisis management support functions, funding, and monitoring expenses.
- Vendor aging amounts should be monitored on a monthly basis to avoid the high accumulating balance and staff should be notified for long outstanding balance.
- Provide guidance on fleet management and periodically monitor physical existence of vehicles as well as proper, efficient, and effective usage of vehicles.
- Provide guidance on warehouse management and periodically monitor the status of proper storage and timely distribution of emergency supplies.

There remain 7 Medium priority recommendations consisting of: 3 recommendations in Governance/Policies and Protocols and Organization Structure, 2 recommendations in Follow-up/ Knowledge Management, and 1 recommendation each in Risk Management/Internal Control Framework and Compliance and Monitoring/Headquarters, Regional Offices and Field Offices which need to be addressed by the units involved within one year to ensure that such weaknesses in controls will not moderately affect the Headquarters/Regional Office/Field Office's ability to achieve its entity or process objectives.

There was only one 1 Low priority recommendation in Governance/Policies and Protocols and Organization Structure.

Management comments and action plans

Except for one 1 medium priority recommendation which is still pending, 20 recommendations were accepted. Management of the units involved is in the process of implementation. Comments and/or additional information provided have been incorporated in the report, where appropriate. At the time of publication of this report the responsible unit was in the process of providing a follow up on the status of the recommendations' implementation.

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 Global Emergency Response Level 3

The Department of Operations and Emergencies – Preparedness and Response Division, as Secretariat for Level 3 Emergencies, and on Department of Resource Management – Endorsement (Budget), have oversight over the management of deployment protocols within the Global Emergency Response Level 3 structure, operations, and protocols management.

The audit covered the review of transactions from 1 March 2017 to 28 February 2019. Testing of emergency related operations was undertaken in selected field locations under Level 3 status at the time of the audit fieldwork.

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 the risk exposure and the risk management of the Global Emergency Response Level 3, in order to ensure that these are well understood and controlled by the responsible managers and the concerned country offices and staff implementing Level 3 operations.

2. Scope and Methodology

In compliance with Internal Audit standards, attention was paid to the assessment of deployment protocols within the Global Emergency Response Level 3 structure, operations, and protocols management to ensure that these are well understood and controlled by the responsible managers and units involved in the processes.

The scope of the audit did not encompass Department of Operations and Emergencies as a whole and other department involved in Level 3 emergency response. Testing of emergency related operations was undertaken in two field locations under Level 3 status at the time of the audit, i.e., the Rohingya Response under country office Bangladesh, and country office Yemen.

Recommendations for improvements were made during the internal audit fieldwork and in this report aim to equip the relevant departments and staff to review, evaluate and improve their own processes, internal control, and risk management systems.

III. Audit Conclusions

1. Overall Audit Rating

OIG assessed the process for deployment protocols within the Global Emergency Response Level 3 structure, operations and protocols management 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 High Priority Recommendations

1. Organization structure and terms of reference

Level 3 structure is not well defined and reporting lines are not fully consistent with Level 3 responsibilities outlined in the Level 3 corporate procedures. The terms of reference for the Department of Operations and Emergencies including Preparedness and Response Division were not updated.

High Priority Recommendation:

- Update the Department of Operations and Emergencies – Preparedness and Response division’s organization charts, clearly defining the functions and reporting lines to ensure that the structure is fit for purpose regarding Level 3 responsibilities.

2. Standard operating procedures

The Rationale and Concept Note issued June 2015 is not always clear whether the standard operating procedures are mandatory to be followed after a Level 3 declaration, or if it is a general guidance. There is no clearly defined ownership and accountability of the different units mentioned in the standard operating procedures.

High Priority Recommendation:

- Department of Operations and Emergencies senior management should review and revise the Level 3 Corporate Procedures, including the Rationale and Concept Note and standard operating procedures table.

3. Leadership Model for Level 3 emergency

There is no established leadership model that could fit every Level 3 emergency, nor a clear guidance on who is accountable for which responsibilities and actions and in which timeline.

High Priority Recommendation:

- Establish a leadership model that will fit Level 3 emergencies and update emergency response organization chart.

4. Institutional deployment protocols

Department of Operations and Emergencies - Preparedness and Response Division’s ability to deploy key staff as part of the Rapid Response Team protocol is significantly dependent on the consent of the Chiefs of Mission to release their available staff for travel on duty and short-term assignment.

High Priority Recommendation:

- Strengthen institutional deployment protocol to ensure that IOM staff are released to participate in surge teams.

5. Risk Management plan for Level 3 operations

The operations in Level 3 emergency environments are complex and large scale. There was no evidence of coordination with the Chief Risk Officer on workshops and risk recording related to Level 3 operations.

High Priority Recommendation:

- Close collaboration with the Chief Risk Officer, should conduct a programme-specific risk assessment as a first step in formulating a Department of Operations and Emergencies risk management plan.

6. Cash Based Intervention tools

The draft of the cash-based interventions internal standard operating procedures dated November 2017 does not capture the current environment of cash operations in Level 3 context.

High Priority Recommendation:

- Review the cash-based interventions Internal standard operating procedures/manual to reflect all changes on cash-based intervention activities including the collective action points from the cash-based intervention workshops.

7. Cash for Work Activities

There was no documented monitoring and/or follow-up from the part of Department of Operations and Emergencies and of Department of Resources Management – Emergency Support Unit in coordination with Accounting Division, on the cash for work implementation with respect to country office Bangladesh.

High Priority Recommendation:

- Clarify the roles of technical functions when an emergency response takes place and periodically monitor implementation of cash-based intervention strategy, controls, and guidelines.

8. Staffing in Procurement and Logistics unit

The staffing in the Procurement and Logistics unit is weak and does not have adequate experience to handle huge volume of the country office's requirement.

High Priority Recommendation:

- Chief of Mission should engage with Department of Operations and Emergencies/ Department of Resources Management on addressing the capacity issues in Procurement and Logistics unit.

9. Administration of Migration Emergency Funding

The Migration Emergency funding mechanism been established to bridge the gap between the start-up of emergency operations and the subsequent receipt of donor funding. However, in most of the cases donors did not allow retroactive charging of expenses to their funding, hence, depleting the remaining available funds from the Mechanism due to non-reimbursement of loans by the country offices.

High Priority Recommendation:

- Recommendations on Migration Emergency Funding in the OIG Evaluation report of 2016 should be addressed and followed-up by the Senior Management.

10. Crisis Management Support funding

There is no instruction, internal guidance or other documentation regulating crisis management support funding and monitoring of expenses.

High Priority Recommendation:

- Department of Operations and Emergencies should consider issuing an internal guidance or another regulatory document describing Crisis Management Support functions, funding, and monitoring expenses.

11. Cash disbursements to beneficiaries

There was inappropriate use of one-time vendor for cash disbursement to beneficiaries in country office Yemen. In addition, advances for cash disbursement to the beneficiaries has accumulated.

High Priority Recommendation:

- Vendor aging amounts should be monitored on a monthly basis to avoid the high accumulating balance and staff should be notified for long outstanding balance.

12. Fleet Management

Some vehicles cannot be traced in the system as per its chassis number or engine number. Further, some vehicles reported in the system were not included in the summary list of IOMs owned vehicles provided by the Supply Chain Unit.

High Priority Recommendation:

- Provide guidance on fleet management and periodically monitor physical existence of vehicles as well as proper, efficient, and effective usage of vehicles.

13. Warehouse Management

There are a number of stocks which have been carried forward from last year and did not move or were slow moving. In addition, the medicines kept in one of the warehouses were not covered by insurance.

High Priority Recommendation:

- Provide guidance on warehouse management and periodically monitor the status of proper storage and timely distribution of emergency supplies.

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.