



EXECUTIVE SUMMARY

INTERNAL AUDIT REPORT

3P202204 - Regional Response to Venezuela Situation

12 September to 6 October 2022

Issued by Office of the Inspector General

Report on the Audit of Regional Response to Venezuela Situation
Executive Summary
3P202204

The Internal Audit function of the Office of the Inspector General's conducted an audit of Regional Response to Venezuela Situation from 12 September to 6 October 2022, which covers the following Country Offices IOM Santiago, IOM Bogota and IOM Quito.

The audit covered the period from January 2021 to October 2022. In compliance with Internal Audit standards, attention was paid to the assessment of governance, risk management and controls framework of the Regional Response to Venezuela situation activities. Recommendations made during the internal audit fieldwork and in this report aim to address identified areas for improvement in accordance with IOM strategic objectives.

The main objective of the audit is to provide reasonable assurance on the adequacy and effectiveness of the governance, risk management and control processes of the Regional Response to the Venezuela Situation by the Office of the Special Envoy (OSE) from the programmatic perspective, including and not limited to the following assessments in:

- a. Governance
- b. Risk Management
- c. Controls and Processes

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 management of Risk in IOM as **Partially Effective, some improvements needed** which means, few significant issue(s), or some moderate issues were noted. Internal controls, governance and risk management practices are adequately designed and well implemented, but a limited number of issues were identified that may present a moderate risk to the achievement of the objectives.

The rating was based on weaknesses noted in the following areas:

- 1. Project Activation
- 2. Sustainability of funding
- 3. Monitoring and evaluation process
- 4. Interagency coordination structure
- 5. Risk Management

Key recommendations: Total = 16; High Priority = 5; Medium Priority= 10; Low Priority = 1

High Priority Recommendations

Prompt action to be initiated within three months to ensure that IOM will not be adversely affected in its ability to achieve its strategic and operational objectives.

The high priority recommendations are as follows:

1. The following four recommendations relating to Governance were made to ensure that the assets of IOM are properly safeguarded, staff welfare is secured and that IOM operations are effective and efficient:
 - Clarify the nature of the Response project at project activation stage and closely coordinate with the Head Office to expedite processes to address the challenges faced in the field.
 - The Special Envoy should closely monitor funding gaps and coordinate funding sources with the Head of Office.
 - Enhance the monitoring process for partners at all levels through establishing clear minimum criteria for partners performance and commitment.
 - Develop a holistic approach to interagency coordination at all levels with clear terms of reference.

2. A recommendation for Risk Management was done to equip the responsible managers and staff to review, evaluate and improve their own internal control and risk management systems:
 - Update the risk management process to ensure that risks are timely identified, assessed, mitigated, and managed.

Limitations on the Scope of the Audit

Because of the concept of selective testing of data and inherent limitation of internal auditing, there is no guarantee that all matters of significance to IOM will be discovered by Internal Audit. It is the responsibility of Country Office local management 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.


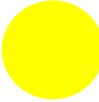


This report is intended solely for information and should not be used for any other purpose.

ANNEXES

1.1 Definitions

Audit Opinion

Audit opinion on the overall adequacy of the internal controls, governance, and management processes, based on the number of audit findings and their risk levels.

Opinion		Definition
Effective		No significant and/ or material issue(s), or few moderate/ minor issues noted. Internal controls, governance and risk management processes are adequately designed, well implemented, and effective, to provide reasonable assurance that the objectives will be met.
Partially Effective, Some improvements needed		Few significant issue(s), or some moderate issues noted. Internal controls, governance and risk management practices are adequately designed and well implemented, but a limited number of issues were identified that may present a moderate risk to the achievement of the objectives.
Partially Effective, Major improvements needed		Significant and/or material issues noted. Internal controls, governance and risk management practices are generally implemented, but have some weaknesses in design or operating effectiveness such that, until they are addressed, there is no reasonable assurance that the objectives are likely to be met.
Ineffective		Multiple significant and/or (a) material issue(s) noted. Internal controls, governance and risk management processes are not adequately designed and/or are not generally effective. The nature of these issues is such that the achievement of objectives is seriously compromised.

Audit Recommendations – Priorities

The following internal audit rating has developed in line with **IOM Risk Management** framework for prioritizing internal audit findings according to their relative significance and impact to the process:

Rating	Definition	Recommended action	Suggested timeframe
Very High	Issue represents a control weakness which could cause severe disruption of the process or severe 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.	Action to be initiated 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.	Action to be initiated in the medium term, normally within 3 months.
Medium	Issue represents a control weakness which could have significant adverse effect on the ability to achieve entity or process objectives.	Plan in keeping with all other priorities.	Action to be initiated in the longer term, 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.	Action to be initiated at the discretion of the risk owner.