



International Organization for Migration (IOM)  
The UN Migration Agency

**EXECUTIVE SUMMARY**  
**INTERNAL AUDIT REPORT**  
**IOM Regional Office Vienna**  
**AT201901**  
**19 - 29 August 2019**

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

**Report on the Audit of IOM Regional Office Vienna**  
**Executive Summary**  
**Audit File No. AT201901**

The IOM Office of the Inspector General (OIG) conducted an internal audit of the Regional Office in Vienna, Austria from 19 to 29 August 2019. The internal audit was aimed to assess 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.

Specifically, the audit assessed the risk exposure and risk management of the Regional Office activities in order to ensure these are well understood and controlled by the Regional Director and Regional Office staff. Programme and Operations were excluded from the scope of this audit. 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 Technology

The audit covered the activities of the Regional Office from 1 July 2017 to 30 June 2019. The Regional Office recorded the following expenses based on IOM financial records:

- USD 1,961,741 – 1 July to 31 December 2017 representing 0.23 per cent of IOM Total.
- USD 4,144,117 – 1 January to 31 December 2018 representing 0.23 per cent of IOM Total.
- USD 2,630,127 – 1 January to 30 June 2019 representing 0.24 per cent of IOM Total.

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 management of the Regional 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 management to determine whether the areas the internal audit covered, and the extent of verification or other checking included are adequate for 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 following the *International Standards for the Professional Practice of Internal Auditing*.

### **Overall audit rating**

OIG assessed the Regional Office 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.”*

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

1. Weak controls environment
2. Expenditures
3. Appointment of officer in-charge
4. Segregation of duties
5. Attendance and leave management
6. Professional staff entitlements

**Key recommendations: Total = 24; Very High Priority = 2; High Priority = 5; Medium Priority = 14; Low Priority = 3**

### **Very High Priority Recommendations**

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 2 Very High Priority recommendations consisting of 1 recommendation each for Management and Administration and Finance and Accounting. These are as follows:

- Ensure policies and procedures consistently conform with IOM’s financial management rules and procedures.
- Strictly conform to policies on disbursement and proper recording of eligible expenses.

### **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 5 High Priority Recommendations consisting of: 2 recommendations each for Management and Administration and Personnel and 1 recommendation in Information Technology<sup>1</sup>. These recommendations aim to ensure that the assets of IOM are properly safeguarded, its staff welfare is secured, and IOM operations are efficient and effective.

- Discontinue the practice of having an officer-in-charge while the Regional Director is at the duty station since only the Director General is authorized to further delegate any functions that have been already delegated.
- Revise the access control in the system to correct the segregation of duties.
- All regional office’s staff should use the automated time-registration system. Leave of absences should be documented and approved by the supervisor.
- Manila Human Resources Operations and Human Resource Management should coordinate to find a solution for the verification of entitlements that Professional staff are receiving at the duty station.

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<sup>1</sup> One high recommendation under Information Technology was not presented in the executive summary, according to the provisions of IB/78 “Disclosure of IOM Internal Audit Reports”.

There remain another 14 Medium priority recommendations consisting of: 7 recommendations in Information Technology, 3 recommendations in Finance and Accounting, and 1 recommendation each in Management and Administration, Personnel, Procurement and Logistics, and Contracting which need to be addressed by the Regional Office within one year to ensure that such weaknesses in controls will not moderately affect the Regional Office's ability to achieve its entity or process objectives.

There were no Low priority recommendations noted.

#### **Management comments and action plans**

Out of the 24 recommendations 22 had been implemented and closed as of September 2020. Management is in the process of completing the remaining 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 the Office**

The Regional Office is located in Vienna, Austria. As of 29 July 2019, the number of personnel supporting the Regional Office are 29 personnel categorized into: 17 officials, 10 staff, 2 non-staff. The Regional office recorded the following expenses based on IOM financial records for the following periods:

- USD 1,961,741 – 1 July to 31 December 2017 representing 0.23 per cent of IOM Total.
- USD 4,144,117 – 1 January to 31 December 2018 representing 0.23 per cent of IOM Total.
- USD 2,630,127 – 1 January to 30 June 2019 representing 0.24 per cent of IOM Total.

The Regional Office has a total portfolio of 9 projects and total budget of USD 8,388,500. The top 2 projects by type:

- 2 Projects for Operational Support Income amounting to USD 4,666,000 or 55.6 per cent of the budget.
- 2 Projects on Administrative Budget amounting to USD 2,229,265 or 26.6 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 following 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 Regional Office activities in order to ensure that these are well understood and controlled by the Regional Director and Regional staff. Recommendations made during the internal audit fieldwork and in this report aim to equip the Regional Office managers and staff to review, evaluate and improve their own internal control and risk management systems.

Programme and Operations were excluded from the scope of this audit.

### III. Audit Conclusions

#### 1. Overall Audit Rating

OIG assessed the Office 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 Priority and High Priority Recommendations

#### I. Very High Priority Recommendations

##### 1. Weak controls environment

There were indications of failure of controls encompassing all levels from approval to processing of transactions largely due to the existing management style.

Very High Priority Recommendation:

- Ensure policies and procedures consistently conform with IOM's financial management rules and procedures.

##### 2. Expenditures

There were several expenditures that are not eligible for disbursement from IOM funds. Further, there were instances wherein the approver of the expense is also the recipient of the payment. The nature of the expenses was also not properly identified when these were recorded.

Very High Priority Recommendation:

- Strictly conform to policies on disbursement and proper recording of eligible expenses.

#### II. High Priority Recommendations

##### 1. Appointment of officer in-charge

Officer in-charge is generally appointed when the primary authority holder is on sick leave, travel on duty and other types of leave. However, an officer-in-charge was appointed by the Regional Director/Chief of Mission even if the Director/Chief of Mission was at the duty station.

High Priority Recommendation:

- Discontinue the practice of having an officer-in-charge while the Regional Director is at the duty station since only the Director General is authorized to further delegate any functions that have been already delegated.

##### 2. Segregation of Duties

Conflicts in roles and position held were identified in the assignment of Information and Communications Technology staff access to the system.

High Priority Recommendation:

- Revise the access control in the system to correct the segregation of duties.

3. Attendance and leaves management

The office's automated time-registration system was not consistently used. The staff are also not diligently filing their leave requests.

High Priority Recommendation:

- All staff in the regional office should use the automated time-registration system. Leave of absences should be documented and approved by the supervisor.

4. Professional Staff entitlements

There were several gaps noted in the process and responsibility for verification of professional staff's entitlements.

High Priority Recommendations:

- Manila Human Resources Operations and Human Resource Management should coordinate to find a solution for the verification of entitlements that Professional staff are receiving at the duty station.

*Management agreed with the recommendations. Of the 6 key findings and very high and high priority recommendations presented, 1 remain open and are in the process of implementation, related to professional staff entitlements.*

## 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.	Ongoing control as part of a management system.