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IOM International Organization for Migration

**EXECUTIVE SUMMARY**  
**INTERNAL AUDIT REPORT**  
**IOM Regional Office Brussels**  
**BE201802**  
**19 - 23 March 2018**

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

**Report on the Audit of IOM Regional Office Brussels**  
**Executive Summary**  
**Audit File No. BE201802**

The IOM Office of the Inspector General conducted an internal audit of the Regional Office Brussels in Belgium from 19 to 23 March 2018. The internal audit was 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 Regional Office activities as well as Country Office's joint or mutual activities in order to ensure these are well understood and controlled by the Regional Director and Regional Office staff. Selected samples from the following areas were reviewed:

- a. Management and Administration
- b. Personnel
- c. Finance and Accounting
- d. Procurement and Logistics
- e. Information Technology
- f. Contracting
- g. Programme and Operations

The audit covered the activities of the Regional Office and joint or mutual activities with the Country Office from March 2016 to March 2018. The Regional Office recorded the following expenses based on IOM financial records:

- 2016 - USD 16,983,844 representing 1 per cent of IOM Total.
- 2017 - USD 30,454,841 representing 2 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 and Country 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. Terms of reference of coordination cell
2. European Union Trust fund projects
3. Donor contractual terms
4. Co-funding group
5. Shared web-server
6. Backup software
7. Information technology security patch management
8. Internet provider for Regional and Country Offices
9. VoIP and bandwidth management
10. Information and Communication Technology structure
11. Dependence on Information Technology Global User Support

**Key recommendations: Total = 25; High Priority = 11; Medium Priority = 14**

### **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.

The High Recommendations are presented below:

- I. Two (2) recommendations for Management and Administration and seven (7) recommendations in Information Technology, which aim to ensure that the assets of IOM are properly safeguarded, its staff welfare is secured, and IOM operations are efficient and effective.
  - Regional Office Brussels, in coordination with the Office of the Director General and Department of Resource Management should assess the need to review the current terms of reference of the Coordination Cell’s role.
  - Improve institutional systems for data collection critical to project implementation and monitoring as well as donor liaison and resource mobilization.
  - Immediate migration to IOM corporate hosting platforms and decommissioning of all existing solutions not compliant with IOM infrastructure standards.
  - Coordinate with head office to update the standard backup software to the newest version.
  - The Information and Communication Technology Division must advise the Regional Office and Country Office about interim solutions to patch third-party applications on workstations and provide a clear roadmap for full implementation of a patch management solution for workstations and servers.
  - With support from Information and Communication Technology Division, Brussels Information Technology team must plan for complying with the requirement of having two internet links with different providers.

- Ensure that VoIP devices are compliant with IOM's Information and Communication Technology Standards.
  - Assess the feasibility of the suggested options to address the challenges faced by the Belgium Information Technology team.
  - Information and Communication Technology Division should ensure adequate resources are allocated to reduce the processing time and heavy reliance on the Information and Communication Technology Global User Support team.
- II. Two (2) recommendations on Finance and Accounting are directed towards the enhancement of the reliability and integrity of the Regional Office's financial and operational information.
- Ensure that the implementing offices are reminded of the high financial consequences of not fully complying with donor requirements and documentation standards.
  - In coordination with the Department of Resource Management, Regional Office Brussels should develop concrete guidelines for Country Offices and other Regional Offices to follow before they accept European Commission projects with co-funding requirements.

There remain another 14 Medium priority recommendations consisting of: 4 recommendations in Management and Administration; 2 recommendations each in Personnel, Finance and Accounting, Procurement and Logistics, Programme and Operations; and 1 recommendation each in Contracting and Information Technology, 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**

Management accepted all 25 recommendations and is in the process of implementation. 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 Regional Office**

The Regional Office is located in Brussels, Belgium. As of 31 March 2018, the Regional Office has 64 personnel categorized into: 16 officials, 44 staff and 4 non-staff. The Regional office recorded the following expenses based on IOM financial records for the following periods:

- 2016 - USD 16,983,844 representing 1 per cent of IOM Total.
- 2017 - USD 30,454,841 representing 2 per cent of IOM Total.

The Regional Office has a total portfolio of 58 projects and total budget of USD 17,537,915. The top 2 projects by type:

- 10 projects for Election Observation Missions amounting to USD 2,271,539 or 13 per cent of the budget.
- 5 projects on Supporting Migration Cooperation and Development amounting to USD 1,131,092 or 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 as well as those of the Country Office in the areas of joint or mutual 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.

### 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 High Priority Recommendations

#### 1. Terms of Reference of Coordination Cell

The terms of reference of the Coordination Cell were not clear on the accountability and reporting lines that other Regional Offices or Country Offices implementing projects under this initiative need to follow under Regional Office Brussels guidance or on the relations to headquarter departments with thematic policy lead. Further, the Coordination Cell structure originally envisaged when it was established in November 2017 may already be outdated due to the increase in project contributions.

High Priority Recommendation:

- Regional Office Brussels, in coordination with the Office of the Director General and the Department of Resource Management should assess the need to review the current terms of reference of the Coordination Cell’s role.

#### 2. European Union Trust Fund projects

The Regional Office supports European Union Trust Fund projects in terms of reporting and information sharing with the Donor. However, the existing institutional systems in place do not guarantee the reliable reporting information from a programmatic and financial perspective.

High Priority Recommendation:

- Improve institutional systems for data collection critical to project implementation and monitoring as well as donor liaison and resource mobilization.

#### 3. Donor Contractual terms

There are two recent cases of prevailing significant risks of contractual termination by European Union on two grants signed by the European Union delegation and the respective IOM Offices that could trigger contractual breach.

High Priority Recommendation:

- Ensure that the implementing offices are reminded of the high financial consequences of not fully complying with donor requirements and documentation standards.

#### 4. Co-Funding Group

Although the Co-Funding group is operating within its mandate, there are increasing significant co-funding exposures noted.

High Priority Recommendation:

- In coordination with Department of Resource Management, Regional Office Brussels should develop concrete guidelines for Country Offices and other Regional Offices to follow before they accept European Commission projects with co-funding requirements.

#### 5. Shared web server

The Regional Office and Country Office share a local/old Web Server running on solutions which do not follow IOM infrastructure standards.

High Priority Recommendations

- Immediate migration to IOM corporate hosting platforms and decommissioning of all existing solutions not compliant with IOM infrastructure standards.

#### 6. Backup software

The Regional Office and Country Office backup software version in place has been upgraded by a newer version and since May 2018 it will no longer receive automatic security and quality updates.

High Priority Recommendation:

- Coordinate with the Head Office to update the standard backup software to the newest version.

#### 7. Information Technology Security patch management

It was observed that Information Technology security patches and application updates can only be done one workstation at a time.

High Priority Recommendation:

- The Information and Communications Technology (ICT) Division must advise the Regional Office and Country Office about interim solutions to patch third-party applications on workstations and provide a clear roadmap for full implementation of a patch management solution for workstations and servers.

#### 8. Internet provider for Regional and Country Offices

The Regional and Country Offices have only one internet connection each, wherein other Country Offices are required to segregate traffic in two links (one for corporate applications and the other one for internet/guest browsing).

High Priority Recommendation:

- With support from ICT Division, Brussels' Information Technology team must plan for complying with the requirement of having two internet links with different providers.

9. VoIP and Bandwidth management

Both Regional and Country Office's VoIP and bandwidth management appliances had not undergone security patching or operating systems update since initial implementation.

High Priority Recommendation:

- Ensure that VoIP devices are compliant with IOM ICT Standards.

10. ICT structure

The Brussels Information Technology team operates without a senior team leader and has limited capacity to support the increasing demand for Information Technology support from the Regional Office, Country Offices and European Union – Electoral Observation Missions commitment.

High Priority Recommendation:

- Assess the feasibility of the suggested options to address the challenges faced by the Belgium Information Technology team.

11. Dependence on ICT Global User Support

Despite the Regional Office and Country Office being fully migrated to IOMINT domain, user account creation always requires involvement from ICT Global User Support, to fully commission the account with a mailbox.

High Priority Recommendation:

- The ICT Division should ensure adequate resources are allocated to reduce the processing time and heavy reliance on the ICT Global User Support team.

*Management agreed with the recommendations and is implementing it.*

## 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.                   |