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IOM International Organization for Migration

**EXECUTIVE SUMMARY**  
**INTERNAL AUDIT REPORT**  
**IOM Sto. Domingo**  
**DO201701**  
**3 - 7 JULY 2017**

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

**Report on the Audit of IOM Santo Domingo**  
**Executive Summary**  
**Audit File No. DO201701**

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM Santo Domingo, Dominican Republic (the "Country Office") from 3 to 7 July 2017. 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 Country Office's activities, in order to ensure these are well understood and controlled by the local management and staff. 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 and Technology
- g. Programme and Operations

The audit covered the activities of the Country Office from 1 July 2015 to 30 June 2017. The Country Office recorded the following expenses based on IOM financial records:

- July 2015 to June 2016 - USD 2,111,870 representing less than one per cent and 2.43 % of IOM Total and Central and North America, and the Caribbean Region, respectively.
- July 2016 to June 2017 - USD 1,874,195 representing less than one per cent and 1.88 % of IOM Total and Central and North America, and the Caribbean Region, respectively.

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 local management of the 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 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.

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 Country 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. Procurement
2. Organizational structure
3. Staff access
4. Human Resources Management
5. Staff investigation
6. Fleet management

**Key recommendations: Total = 21; Very High Priority = 1; High Priority = 5; Medium Priority = 15**

### Very High Priority Recommendation

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.

The Very high priority recommendation in Procurement and Logistics is as follows:

- Strict compliance with IOM rules and regulations on procurement

### 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 Priority recommendations are presented below:

1. Two (2) recommendations for Management and Administration, one (1) recommendation for Personnel and one (1) for Procurement and Logistics. These recommendations aim to ensure that the assets of IOM are properly safeguarded and staff welfare is secured and IOM operations are effective and efficient.
  1. Review the organizational structure to better align resources with strategic plans and objectives.
  2. Roles and access to IOM financial accounting should be discontinued immediately for all staff who no longer require access.
  3. Corrective actions to address the non-compliances with IOM rules on staff recruitment, termination and staff evaluation should be put in place.
  4. A monitoring mechanism should be put in place to allow only those designated as drivers to access the IOM cars.
2. One (1) recommendation on Finance and Accounting is directed towards the enhancement of the reliability and integrity of the Country Office’s financial and operational information.
  1. Increase scrutiny and oversight over cash handling activities by all staff.

There remain another 15 Medium priority recommendations consisting of: Three (3) recommendations in Management and Administration; Three (3) in Personnel; Two (2) in Finance and Accounting; Three (3) in Procurement and Logistics; Two (2) in Contracting; One (1) in Information Technology; and one (1) in Programme and Operations, which need to be addressed by the Country Office within one year to ensure that such weaknesses in controls will not moderately affect the Country Office's ability to achieve its entity or process objectives.

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

All 21 recommendations were accepted. Management 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 Office**

The Main Office is located in Santo Domingo, Dominican Republic. As of 31 July 2017, the Country Office has 26 personnel categorized into: 24 staff and 2 non-staff. The Country Office recorded the following expenses based on IOM financial records for the following periods:

- July 2015 to June 2016 - USD 2,111,870 representing less than one per cent and 2.43 % of IOM Total and Central and North America, and the Caribbean Region, respectively.
- July 2016 to June 2017 - USD 1,874,195 representing less than one per cent and 1.88 % of IOM Total and Central and North America, and the Caribbean Region, respectively.

The Country Office has a total portfolio of 13 projects and total budget of USD 3.1 million. The top two projects by type:

- Three projects for Return Assistance to Migrants and Government amounting to USD 2.2 million or 71 % of the budget.
- Two projects on Migrant Processing and Integration amounting to USD 336,340 or 11 % 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 in general conformance with 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 Country Office activities in order to ensure that these are well understood and controlled by the local management and staff. Recommendations made during the internal audit fieldwork and in the report aim to equip the local management 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 Very High and High Priority Recommendations

#### Very High Priority Recommendation

##### 1. Procurement

There were significant deficiencies in the procurement processes and procedures such as in the specification of goods to be purchased, bidding process, purchase requisitioning, among others.

High Priority Recommendations:

- Strict compliance with IOM rules and regulations on procurement.

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

#### High Priority Recommendations

##### 1. Organizational Structure

The organizational structure and the staff titles are not reflective of their effective roles and responsibilities.

High Priority Recommendation:

- Review organizational structure to better align resources with strategic plans and objectives.

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

##### 2. Staff access

Roles and access to the IOM financial accounting system remain active to one staff that has left the organization several years ago, and to two staff who were temporarily supporting the CO.

High Priority Recommendation:

- Roles and access to IOM financial accounting should be discontinued immediately for all staff who no longer require access.

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

3. Human resources management

There were noted non-compliances with IOM rules on recruitment, termination and staff evaluation.

High Priority Recommendation:

- Corrective actions to address the non-compliances with IOM rules on recruitment, termination and staff evaluation should be put in place.

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

4. Staff Investigation

There is an ongoing investigation over the use of bogus receipts to support reimbursement of expenses. It is noteworthy that proper actions have been undertaken by the Country Office

High Priority Recommendation:

- Increase scrutiny and oversight over cash handling activities by all staff.

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

5. Fleet Management

There were noted several inappropriate practices in fleet management.

High Priority Recommendation:

- A monitoring mechanism should be put in place to allow only those designated as drivers to access the IOM cars.

*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:

<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.	Discussed directly with management and actions to be initiated as part of management's ongoing control.