



IOM International Organization for Migration

EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
IOM Conakry
GN201701
8 - 12 May 2017

Issued by the Office of the Inspector General

Report on the Audit of IOM Conakry
Executive Summary
Audit File No. GN201701

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM Conakry, Guinea (the “Country Office”) from 8 to 12 May 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 1 January 2015 to 31 May 2017. The Country Office recorded the following expenses based on IOM financial records:

- 2016 - USD 7,795,041 representing 0.5% and 2% of IOM Total and Central and West Africa Region, respectively.
- 1 January to 31 May 2017 - USD 900,395 representing 0.1% and 1% of IOM Total and Central and West Africa 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 ensure 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. Organizational structure
2. Sustainability of operations
3. Implementing Partner
4. Monitoring of costs charged to projects
5. Procurement
6. Fuel cost
7. Communication cost

There was a satisfactory performance noted in Information Technology.

Key recommendations: Total = 23; High Priority = 7; Medium Priority = 15; Low Priority = 1

For the 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. Three (3) recommendations for Management and Administration, two (2) recommendations for Procurement and Logistics and one (1) recommendation for Programme and Operations. These recommendations aim to ensure that the assets of IOM are properly safeguarded and that efficient and effective operation is in place.

These are as follows:

- Develop guidelines on delegation of authority
 - The office structure will need to be remodeled and adapted to the existing available resources and further efforts should be sought to scale down emergency operations
 - Continue to coordinate closely with legal department for the pending litigation and expedite completion of final reports to donors
 - Comply fully with IOM guidelines on procurement for a normal and fully functional Country Office
 - Comply fully with IOM guidelines on management of fuel costs
 - Take immediate steps in order to better monitor and control the usage of the number of SIM cards used by the Country Office and its projects
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.
 - Ensure all expenses are substantiated and audit trail and approvals are in place to avoid further cost disallowances

Except in the area of Information Technology, there remains another 15 Medium priority recommendations consisting of: Three (3) recommendations in Management and Administration; Five (5) recommendations in Personnel; Two (2) in Finance and Accounting; Three (3) recommendations in Procurement and Logistics; One (1) recommendation in Contracting; and one (1) recommendation 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.

Low priority recommendation (not included in this Executive Summary) have been discussed directly with management and actions have been initiated to address them.

Management comments and action plans

Management accepted all 23 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 Country Office

The main Office is located in Conakry, Guinea. As of June 2017, the Country Office has 72 personnel categorized into: 9 officials, 59 staff and 4 non-staff. The office recorded the following expenses based on IOM financial records for the following periods:

- 2016 - USD 7,795,041 representing 0.5% and 2% of IOM Total and Central and West Africa Region, respectively.
- 1 January to 31 May 2017 - USD 900,395 representing 0.1% and 1% of IOM Total and Central and West Africa Region, respectively.

The Office has a total portfolio of 60 projects and total budget of USD 6,948,802. The top two projects by type:

- 14 Projects for Migration Health Assistance for Crisis Affected Populations amounting to USD 1,673,274 million or 24% of the budget
- 9 Projects on Return Assistance to Migrants and Governments amounting to USD 3,477,867 million or 50% 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 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.”

2. Satisfactory performance was noted in Information Technology.

IV. Key Findings and High Priority Recommendations

1. Organizational structure

There were a number of weaknesses noted in the assignment of duties and access of staff to the IOM financial system which resulted to several conflicting roles and responsibilities.

High Priority Recommendation:

- Develop guidelines on delegation of authority.

Management agreed with the recommendations and is implementing them.

2. Sustainability of operations

Despite efforts to scale down operations, the Country Office structure was observed to remain heavy and now at a critical point that it needs to shift from a pure emergency setup, to a normal and functional Country Office.

High Priority Recommendation:

- The office structure will need to be remodeled and adapted to the existing available resources and further efforts should be sought to scale down emergency operations.

Management agreed with the recommendations and is implementing them.

3. Implementing Partner

There is a pending litigation with one of the implementing partners. Further, the final report to the donor was delayed in submission.

High Priority Recommendations

- Continue to coordinate closely with legal department for the pending litigation and expedite completion of final reports to donors.

Management agreed with the recommendations and is implementing them.

4. Monitoring of costs charged to projects

There were several instances of donor-rejected costs and overcharging of costs to projects which may also be disallowed by donors.

High Priority Recommendation

- Ensure all expenses are substantiated and audit trail and approvals are in place to avoid further cost disallowances.

Management agreed with the recommendations and is implementing them.

5. Procurement

There were deficiencies noted in the procurement procedures in place.

High Priority Recommendations

- Comply fully with IOM guidelines on procurement for a normal and fully functional Country Office.

Management agreed with the recommendations and is implementing them.

6. Fuel cost

Fuel cost which represents a substantial portion of the yearly expenses of the Country Office remains largely uncontrolled.

High Priority Recommendations

- Comply fully with IOM guidelines on management of fuel costs.

Management agreed with the recommendations and is implementing them.

7. Communication cost

The Country Office incurred substantial communication costs. Further, the accountability for excessive communication costs remains questionable.

High Priority Recommendations

- Take immediate steps in order to better monitor and control the usage of the number of SIM cards used by the Country Office and its projects.

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 portray 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.