



IOM International Organization for Migration

**EXECUTIVE SUMMARY**

**INTERNAL AUDIT REPORT**

**IOM Abidjan**

**(conducted remotely)**

**CI202001**

**22 October - 10 December 2020**

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

**Report on the Audit of IOM Abidjan**  
**Executive Summary**  
**Audit File No. CI202001**

The IOM Office of the Inspector General (OIG) conducted a **remote** internal audit of the IOM Abidjan (the “Country Office”) from 22 October to 10 December 2020. The internal audit 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 **remote** 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 Contracting
- e. Information and Technology
- f. Programme and Operations

The audit covered the activities of the Country Office from September 2018 to October 2020. The Country Office recorded the following expenses based on IOM financial records:

- September to December 2018 – USD 3,027,842 representing 0.50 per cent and 39 per cent of IOM Total and West African Region, respectively.
- January to December 2019 – USD 6,639,543 representing 0.30 per cent and 6 per cent of IOM Total and West Africa Region, respectively.
- January to October 2020 – USD 6,314,200 representing 0.70 per cent and 68 per cent of IOM Total and West Africa Region, respectively.

Because of the concept of selective testing of data and inherent limitation of the **remote** 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

IG assessed the Office as **Partially Effective, major improvements needed**, which means 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.

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

1. Recording and monitoring of financial accounts with vendors
2. Procurement process
3. Project ID activation and extension
4. Organization structure
5. Procurement unit
6. Delegation of authority matrix
7. Segregation of duties
8. Administration of staff contracts
9. Human resource processes
10. Long service step
11. Delayed separation formalities of staff
12. Consultancy contracts
13. Administration and monitoring of project budgets
14. Cash grants to beneficiaries
15. E-filing of paper documents
16. E-banking platform
17. Vendor management
18. Asset management
19. Fleet management
20. Contracting process
21. Information technology
22. Donor reporting and closure of completed project

**Key recommendations: Total = 39; Very High Priority = 3; High Priority = 19; 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 3 Very High priority recommendations consisting of 1 recommendation each for Finance and Accounting, Procurement and Contracting and Programme and Operations. These are as follows:

- Improve the internal controls over monitoring vendor accounts, processing payments, and recording of accounting transactions to ensure the legitimacy, adequacy and reliability of payments made and charges to projects.

- Review the procurement process, including work allocation to staff, to identify the bottlenecks and opportunities for improving the current processes.
- Review the existing process on project activation to identify the gaps and root causes attributing to the delay and come up with an action plan for improvement.

### **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 9 High priority recommendations presented below:

1. Four (4) recommendations each for Management and Administration and Procurement and Contracting, 5 recommendations for Personnel, and 1 recommendation each for Information Technology and Programme and Operations. These recommendations aim to ensure that the assets of IOM are properly safeguarded, staff welfare is secured and that IOM operations are effective and efficient.
  - Pursue a more holistic approach to the structure and rationale behind operational programming and strategy.
  - Review the existing structure of the Procurement unit taking into consideration the allocation of tasks and the capacity of staff.
  - Develop and formalize an all-inclusive delegation of authority matrix covering relevant processes and transactions requiring review and approval.
  - Review the system roles assignment of staff to ensure that user rights are granted only after following strict protocols and relevance to their official functions in IOM.
  - Ensure that the appropriate type of contract is issued to staff following IOM guidelines.
  - Improve the human resources administration by establishing adequate controls in compliance with IOM instructions and specific donor requirements.
  - Corrective actions should be immediately taken for the concerned staff and regular monitoring put in place.
  - Collect the overpayment from the staff and ensure that separation formalities are timely reflected in the system.
  - Improve the administration of consultancy contracts to ensure that these are consistent with IOM standards and procedures.
  - Establish proper vendor screening, evaluation, and management.
  - Improve the current asset management practices to ensure compliance and alignment with IOM guidelines.
  - Improve the management of the fleet including the procedures and controls associated with vehicle rental.
  - Delineate the scope and areas of responsibilities over the contracting process.
  - Review the information technology set up and implement improvements in conformity with IOM guidelines.
  - Establish a mechanism that would strictly monitor the status of the report preparation and submission to donors.

2. Four (4) recommendations on Finance and Accounting are directed towards the enhancement of the reliability and integrity of the Country Office's financial and operational information.
- Ensure timely accomplishment of deliverables and monitoring of budget expanded to include those budgets allocated to other IOM offices.
  - Improve the process of recording and monitoring of cash grant payments to beneficiaries with procedures that are aligned with accrual accounting and IOM guidelines.
  - Facilitate e-filing of paper documents following IOM guidelines.
  - Ensure vendor account information is verified and approved prior to registration in the e-banking platform; establish two panel signatories once the country banking system permits in order to avoid instances wherein both junior staff approve the bank transactions.

Except in the area of Information Technology, there remains 14 Medium priority recommendations consisting of: 5 recommendations in Finance and Accounting, 3 recommendations both in Management and Administration and Personnel, 1 recommendation in Procurement and Contracting, and 2 recommendations 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 recommendations (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**

Out of the 39 recommendations 11 had been implemented and closed (including 5 very high and high recommendations) as of the date this summary is publicly available. Management is in the process of implementation of action plans. 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 Abidjan, Côte d'Ivoire. As of October 2020, the Country Office has 83 personnel categorized into 14 officials, 62 staff and 7 non-staff. The Country Office recorded the following expenses based on IOM financial records for the following periods:

- September to December 2018 – USD 3,027,842 representing 0.50 per cent and 39 per cent of IOM Total and West African Region, respectively.
- January to December 2019 – USD 6,639,543 representing 0.30 per cent and 6 per cent of IOM Total and West Africa Region, respectively.
- January to October 2020 – USD 6,314,200 representing 0.70 per cent and 68 per cent of IOM Total and West Africa Region, respectively.

The Country Office has a total portfolio of 39 projects and total budget of USD 21,128,641. The top 2 projects by type:

- 1 Project for Return and Reintegration of Migrants amounting to USD 11,598,665 million or 50 per cent of the budget.
- 1 Project on Technical Cooperation on Migration amounting to USD 1,064,109 million or 10 per cent of the budget.

**II. Scope of the Audit**

**1. Objective of the Audit**

The *remote* 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 remote 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, Major improvements needed**, which means 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.

### IV. Key Findings and Very High and High Priority Recommendations

#### I. Very High Priority Recommendations:

1. Recording and monitoring of financial accounts with vendors internal control gaps were noted in the recording and monitoring of financial accounts with vendors affecting the reliability and integrity of financial data and potentially impacting relationship of IOM with these vendors.

Very High Priority Recommendation:

- Improve the internal controls over monitoring vendor accounts, processing payments, and recording of accounting transactions to ensure the legitimacy, adequacy and reliability of payments made and charges to projects.

2. Procurement process

There were gaps noted in the review of the procurement process and sampled transactions.

Very High Priority Recommendation:

- Review the procurement process, including work allocation to staff, to identify the bottlenecks and opportunities for improving the current processes.

3. Project ID activation and extension

Projects were activated late either due to late signature of donor agreements or the Country Office's own internal processes and requirements. Hence, the Country Office's budgeting, projectization and the timely implementation of project activities were affected.

Very High Priority Recommendation:

- Review the existing process on project activation to identify the gaps and root causes attributing to the delay and come up with an action plan for improvement.

## II. High Priority Recommendations:

### 1. Organization Structure

Overall structure is silo-based, with emphasis on direct reporting to Chief of Mission waiving layers of necessary internal control. Given the size of the Country Office, the human resources' capacity is limited, and the Country Office could envisage additional support in its structure.

#### High Priority Recommendation:

- Pursue a more holistic approach to the structure and rationale behind operational programming and strategy.

### 2. Procurement unit

There were gaps noted in staff assignment and reporting lines in the Procurement unit. A supervisory position was assigned with transactional tasks instead of monitoring and training of staff. Reporting lines were not consistent with the terms of reference.

#### High Priority Recommendation:

- Review the existing structure of the Procurement Unit taking into consideration the allocation of tasks and the capacity of staff.

### 3. Delegation of authority matrix

The Country Office lacks a comprehensive delegation of authority matrix covering the remaining key areas/processes.

#### High Priority Recommendation:

- Develop and formalize an all-inclusive delegation of authority matrix covering relevant processes and transactions requiring review and approval.

### 4. Segregation of duties

There was no proper segregation of duties and system roles assignment are not compatible with the duties and responsibilities of staff.

#### High Priority Recommendation:

- Review the system roles assignment of staff to ensure that user rights are granted only following strict protocols and relevance to their official functions in IOM.

### 5. Administration of staff contracts

The issuance of special short-term contracts is very loose and not consistent with IOM guidelines.

#### High Priority Recommendation:

- Ensure that the appropriate type of contract is issued to staff following IOM guidelines.



6. Human Resources processes

Internal control gaps coupled with instances of non-compliance with IOM instructions, standard operating procedures and donor requirements were noted during the review of human resource processes.

High Priority Recommendation:

- Improve human resources administration by establishing adequate controls in compliance with IOM instructions and specific donor requirements.

7. Long service step

There were instances noted when incremental period for advancement within grade exceeded the period per IOM guidelines resulting to underpayment of staff.

High Priority Recommendation:

- Corrective actions should be immediately taken for the concerned staff and regular monitoring put in place.

8. Delayed separation formalities of staff

A case was noted wherein separation formalities for a staff was delayed, hence, not timely reflected in the system resulting to overpayment of salaries to the separated staff.

High Priority Recommendation:

- Collect the overpayment from the staff and ensure that separation formalities are timely reflected in the system.

9. Consultancy contracts

Administration of numerous consultancy contracts were not compliant with IOM standards and procedures, for example, contracts exceeding maximum duration or functions which are not highly specialized which could be filled up by staff.

High Priority Recommendation:

- Improve the administration of consultancy contracts to ensure that these are consistent with IOM standards and procedures.

10. Administration and monitoring of project budgets

Internal control gaps were noted on how the Country Office manages its financial transactions and monitors its projects' budgets.

High Priority Recommendation:

- Ensure timely accomplishment of deliverables and monitoring of budget expanded to include those budgets allocated to other IOM offices.

#### 11. Cash grants to beneficiaries

As per the Country Office's procedure, funds for cash grants are transferred to the bank where beneficiaries will collect upon presentation of the required documents. However, there were instances where cash grant payments were not fully accounted for, monitored, and properly recorded in the system.

High Priority Recommendation:

- Improve the process of recording and monitoring of cash grant payments to beneficiaries with procedures that are aligned with accrual accounting and IOM guidelines.

#### 12. E-Filing of paper documents

E-filing of paper documents which are transposed into electronic records by scanning, indexing, and storing them into a database has not been fully implemented in the Country Office. It is also unclear within the Country Office which documents needed to be uploaded in the system.

High Priority Recommendation:

- Facilitate e-filing of paper documents following IOM guidelines.

#### 13. E-Banking platform

Controls over verification and approval of bank's vendor accounts prior to its registration in the e-banking platform is inadequate, thus, compromising the integrity of bank payment transactions. There are also no dual signatories established for bank transactions.

High Priority Recommendation:

- Ensure vendor account information is verified and approved prior to registration in the e-banking platform.
- Establish two panel signatories once the country banking system permits in order to avoid instances wherein both junior staff approve the bank transactions.

#### 14. Vendor management

There is no systematic and periodic assessment of vendors performance as well as inadequate vendor maintenance.

High Priority Recommendation:

- Establish proper vendor screening, evaluation, and management.

#### 15. Asset Management

Asset management, such as, asset assignment to staff, asset tagging including the administration of beneficiary assets is not adequate.

High Priority Recommendation:

- Improve the current asset management practices to ensure compliance and alignment with IOM guidelines.

#### 16. Fleet Management

Controls over fleet management is weak such as inadequate tracking of vehicle movement and monitoring and application of vehicle rental arrangements as well as lack of staff training to handle fleet management.

High Priority Recommendation:

- Improve the management of the fleet including the procedures and controls associated with vehicle rental.

#### 17. Contracting process

There is only one function and a non-staff consultant who is engaged by IOM on continuous basis to assist in technical bids and monitoring of the construction activities.

High Priority Recommendation:

- Delineate the scope and areas of responsibilities over the contracting process.

#### 18. Information Technology

The Information Technology setup and management was found inadequate. The Country Office did not have an information technology risk assessment or register of identified risks and measures.

High Priority Recommendation:

- Review the information technology set up and implement improvements in conformity with IOM guidelines.

#### 19. Donor reporting and closure of completed project

There were delays in the submission of reports to donors as well as delays in the closure of completed projects in the system.

High Priority Recommendation:

- Establish a mechanism that would strictly monitor the status of the report preparation and submission to donors.

*Management agreed with the recommendations. Of the 19 key findings and very high and high priority recommendations presented, 5 were assessed as implemented and closed while 14 remain open and are in the process of implementation.*

## ANNEXES

### Definitions

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

Descriptor	Guide
<b>Effective</b>	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.
<b>Partially Effective, Some improvements needed</b>	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.
<b>Partially Effective, Major improvements needed</b>	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.
<b>Ineffective</b>	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 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.