



International Organization for Migration (IOM)
The UN Migration Agency

EXECUTIVE SUMMARY

INTERNAL AUDIT REPORT

**IOM Activities under the European Union - IOM Joint Initiative
for Migrant Protection and Reintegration**

CH201901

Issued by the Office of the Inspector General

**Report on the Audit of IOM Activities under the European Union IOM Joint Initiative
for Migrant Protection and Reintegration
Executive Summary
Audit File No. CH201901**

The IOM Office of the Inspector General (OIG) conducted an internal audit of IOM Activities under the European Union IOM Joint Initiative for Migrant Protection and Reintegration (“EU-IOM Joint Initiatives”) for the period from January 2018 to December 2019. 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. Further, the audit also evaluated and tested the adequacy and effectiveness of the processes associated with the internal control components of the EU-IOM Joint Initiatives within IOM.

The audit team reviewed selected samples from the following areas:

- a. Governance, Organizational Structure and Management
- b. Compliance with European Commission Rules and Regulations
- c. Programme Implementation
- d. Reporting and Data Integration

Because of the concept of selective testing of data, the inherent limitation of the internal audit work and the extraordinary prevailing situation because of the COVID-19 pandemic, there is no guarantee that all matters of significance to IOM will be discovered by the internal audit. It is the responsibility of responsible managers of the EU-IOM Joint Initiatives 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 EU-IOM Joint Initiatives management to determine whether the areas the internal audit covered, and the extent of verification or other checking included are adequate for the EU-IOM Joint Initiatives’ 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 Office as **Partially Effective, some improvements needed**, which means few significant issue(s), or some moderate issues were noted that may present a moderate risk to the achievement of the objectives.

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

1. Governance structure
2. European Union Trust IOM Joint Initiative-wide risk management framework
3. Financial and budget monitoring framework
4. Financial and procurement processes in IOM Libya
5. Third-party contractor management and monitoring
6. Financial reporting procedures
7. Data aggregation and reporting

Key recommendations: Total = 11; High Priority = 7; Medium Priority = 4

High Priority Recommendations

The 7 High priority recommendations are presented below:

Two (2) recommendations each for Governance, Organizational Structure and Management, Compliance with European Commission Rules and Regulations, and Programme Implementation, and 1 recommendation in Reporting and Data Integration. These recommendations aim to ensure adequate and effective processes associated with the internal control components of the EU-IOM Joint Initiatives within IOM.

- Establish a comprehensive governance structure which should lay the foundation for the overall EU-IOM Joint Initiatives programme activities.
- EU-IOM Joint Initiatives management to liaise with the Head of Risk Management Office to conduct an overall risk assessment of the EU-IOM Joint Initiatives operations.
- Comply with both European Commission and IOM rules in respect to financial management; enforce cost eligibility rules.
- Ensure that effective controls are in place over procurement, vendor management as well as expense documentation.
- Strengthen management oversight arrangements over the selection and retention of third-party contractors.
- Enhance training and capacity building for both country and regional staff involved in supporting both IOM and donors.
- Improve reporting capacity and data validation.

There were 4 Medium priority recommendations consisting of 2 recommendations in Programme Implementation, 1 recommendation in Governance, Organizational Structure and Management, and 1 recommendation in Compliance with European Commission Rules and Regulations.

There were no Low priority recommendations.

Management comments and action plans

All 11 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 EU-IOM Joint Initiative Activities

The European Union – International Organization for Migration Joint Initiative for Migrant Protection and Reintegration was launched in December 2016 and now collaborates with 26 African countries in the Sahel and Lake Chad, Horn of Africa, and North of Africa regions. The aim of the EU-IOM JI is to ensure that migration is safer, more informed, and better governed for both migrants and their communities.

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. Further, the audit also evaluated and tested the adequacy and effectiveness of the processes associated with the internal control components of the EU-IOM Joint Initiatives within IOM.

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 EU-IOM Programme, in order to ensure that these are well understood and controlled by responsible managers. Recommendations made during the internal audit fieldwork and in the report aim to equip the responsible 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, some improvements needed**, which means 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.

IV. Key Findings and High Priority Recommendations

High Priority Recommendations:

1. Governance Structure

The current governance structure can be improved to enhance an overall cohesive and harmonized approach towards the implementation of the EU-IOM Joint Initiative programme activities. Accountability lines can be further improved to enable IOM to develop a harmonized approach towards EU-IOM Joint Initiative activities, across all areas – from programmatic to resources management, and data reporting and aggregation.

High Priority Recommendation:

- Establish a comprehensive governance structure which should lay the foundation for the overall EU-IOM Joint Initiative programme activities.

2. European Union Trust IOM Joint Initiative-Wide Risk Management Framework

Since inception, there has not been a risk management exercise performed and no concrete action undertaken in identifying, mapping, rating the risks associated with this type of activities, and developing risk mitigation plans.

High Priority Recommendation:

- EU-IOM Joint Initiative management to liaise with the Head Office Risk Management Office to conduct an overall risk assessment of the EU-IOM Joint Initiative operations.

3. Financial and Budget Monitoring Framework

While there is a work plan targeting the validity and completeness of expenses under the EU-IOM Joint Initiative in order to ensure and pre-empt potential cost disallowance, the framework can be formalized and most importantly harmonized across the regions.

High Priority Recommendation:

- Comply with both European Commission and IOM rules in respect to financial management; enforce cost eligibility rules.

4. Financial and Procurement Processes in IOM Libya

A number of observations have been noted in relation to financial and procurement activities in IOM Libya, which is at the epicenter of the EU-IOM Joint Initiative operations.

High Priority Recommendation:

- Ensure that effective controls are in place over procurement, vendor management as well as expense documentation.

5. Third-party contractor management and monitoring

A significant number of sub-contracted personnel have non-staff contracts with limited supervision.

High Priority Recommendation:

- Strengthen management oversight arrangements over the selection and retention of third-party contractors.

6. Financial Reporting Procedures

The volume and pace of EU-IOM Joint Initiative activities has affected IOM's local regional and country office local capacity to fully comply with European Commission and IOM financial procedures.

High Priority Recommendation:

- Enhance training and capacity building for both country and regional staff involved in supporting both IOM and donors.

7. Data Aggregation and Reporting

The EU-IOM Joint Initiative Operation has struggled to capture and provide reliable data over the migrants assisted.

High Priority Recommendation:

- Improve reporting capacity and data validation.

Management is in the process of implementing the recommendations.

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
Effective	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.
Partially Effective, Some improvements needed	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.
Partially Effective, Major improvements needed	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.
Ineffective	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
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.