



IOM International Organization for Migration

EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
IOM London
(conducted remotely)
GB202001
3 December 2020 - 29 January 2021

Issued by the Office of the Inspector General

Report on the Audit of IOM London
Executive Summary
Audit File No. GB202001

The IOM Office of the Inspector General (OIG) conducted a **remote** internal audit of the IOM London, United Kingdom (the “Country Office”) from 03 December 2020 to 29 January 2021. 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. Due to the ongoing pandemic, the Country Office was in full lockdown with limited possibility of going to the Office for retrieving documentation. Samples requested for 2019 were not available as the Country Office submitted the originals to the Foreign, Commonwealth and Development Office. 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 Management

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

- October to December 2018 – USD 1,494,430 representing 0.3 per cent and 2.8 per cent of IOM Total and European Economic Area and Switzerland Region, respectively.
- January to December 2019 – USD 7,525,686 representing 0.4 per cent and 2.4 per cent of IOM Total and European Economic Area and Switzerland Region, respectively.
- January to September 2020 – USD 4,407,199 representing 0.3 per cent and 2.0 per cent of IOM Total and European Economic Area and Switzerland Region, respectively.

Because of the concept of selective testing of data and inherent limitation of the internal audit work, as well as the impact of the full lockdown in place in the country at the time of the audit fieldwork, 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 **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*.

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.

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

1. Displacement tracking matrix
2. Delegation of authority matrix
3. Payroll management
4. Separation procedures
5. Banking information
6. One-time vendor account
7. Procurement process
8. Outstanding payables with implementing partners
9. Contracts with service providers
10. Activation of projects

Key recommendations: Total = 36; High Priority = 10; Medium Priority = 20; Low Priority = 6

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 10 High Priority recommendations are presented below:

1. Two (2) recommendations each for Management and Administration and Personnel, 3 recommendations in Procurement and Contracting and 1 recommendation for Programme and Operations Management. 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.
 - Clarify roles and responsibilities in the global displacement tracking matrix and the Country Office.
 - A full delegation of authority matrix should be prepared, signed, dated, scanned, and disseminated to all staff.
 - Observe payroll review and authorization in compliance with IOM guidelines.
 - Consistently coordinate with human resources the separation of procedures of displacement tracking matrix staff.
 - Review and improve the current procurement practices and ensure compliance with IOM guidelines.
 - Old outstanding payables especially those linked to closed projects and final balances already settled with implementing partners should be cleared immediately.
 - Coordinate lead time for endorsements of contracts to Headquarters.
 - Coordinate with other departments involved for swifter conclusions to contract negotiations.

2. Two (2) recommendations on Finance and Accounting are directed towards the enhancement of the reliability and integrity of the Country Office's financial and operational information.
 - System vendor master data should be updated based on the vendor creation form signed and approved as per delegation of authority matrix.
 - Limit the use of one-time vendor account and strengthen internal controls over its use.

There are 20 Medium priority recommendations consisting of 3 recommendations each in Management and Administration, Personnel, Information Technology and Programme and Operations Management, 4 recommendations each in Finance and Accounting and Procurement and Contracting 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 36 recommendations 3 had been implemented and closed (including 1 high recommendation) 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 London, United Kingdom. As of September 2020, the Country Office has 78 personnel categorized into 5 officials, 62 staff and 11 non-staff. The Country Office recorded the following expenses based on IOM financial records for the following periods:

- October to December 2018 – USD 1,494,430 representing 0.3 per cent and 2.8 per cent of IOM Total and European Economic Area and Switzerland Region, respectively.
- January to December 2019 – USD 7,525,686 representing 0.4 per cent and 2.4 per cent of IOM Total and European Economic Area and Switzerland Region, respectively.
- January to September 2020 – USD 4,407,199 representing 0.3 per cent and 2.0 per cent of IOM Total and European Economic Area and Switzerland Region, respectively.

The Country Office has a total portfolio of 40 projects and total budget of USD 16,175,961.54. The top 2 projects by type:

- Resettlement Assistance amounting to USD 8,495,989 million or 52.5 per cent of the budget.
- Immigration and Visas amounting to USD 2,798,368 million or 17.3 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 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.

Due to the ongoing pandemic, the country office was in full lockdown with limited possibility of going to the Office for retrieving documentation. Samples requested for 2019 were not

available as the County Office submitted the originals to the Foreign, Commonwealth and Development Office.

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

I. High Priority Recommendations:

1. Displacement tracking matrix

There was lack of clarity in terms of roles and responsibilities between global displacement tracking matrix and the Country Office, which led to confusion, pertaining to functions performed by the Resource Management Unit, in particular, human resources.

High Priority Recommendation:

- Clarify roles and responsibilities in the global displacement tracking matrix and the Country Office.

2. Delegation of authority matrix

The delegation of authority matrix in place primarily focused on the procurement matrix; consequently, other functions were not delegated.

High Priority Recommendation:

- A full delegation of authority matrix should be prepared, signed, dated, scanned, and disseminated to all staff.

3. Payroll management

The signature of the Chief of Mission was often obtained after a payment was already processed. Only the payroll report was submitted to the Chief of Mission for signature; therefore, the Chief of Mission could not be aware of the changes from the previous month to the current month. It did not include the bank report either for the signatories to verify the payment.

High Priority Recommendation:

- Observe payroll review and authorization in compliance with IOM guidelines.

4. Separation procedures

The Country Office did not adhere to IOM separation procedures in relation to displacement tracking matrix staff.

High Priority Recommendation:

- Consistently coordinate with human resources the separation of procedures of displacement tracking matrix staff.

5. Banking information

Not all active local vendors have the requisite banking information to verify against the vendor invoice and bank details of the master data for e-banking.

High Priority Recommendation:

- The system's vendor master data should be updated based on the vendor creation form signed and approved as per delegation of authority matrix.

6. One-time vendor account

One-time vendor account has been used substantially used in multiple payments to the same vendors.

High Priority Recommendation:

- Limit the use of one-time vendor account and strengthen internal controls over its use.

7. Procurement process

There was no proper segregation of duties in the procurement process. Assignment of system roles were also found inadequate. Further, there were delays in the creation of purchase orders in the system and cases wherein implementing partner and consultants were not entered in the system.

High Priority Recommendation:

- Review and improve the current procurement practices and ensure compliance with IOM guidelines.

8. Outstanding payables with implementing partners

There were outstanding balances with implementing partners linked to project codes which are already completed, and the final payment have been settled.

High Priority Recommendation:

- Old outstanding payables especially those linked to closed projects and final balances already settled with implementing partners should be cleared immediately.

9. Contracts with service providers

There were certain contracts that have been signed after the actual start date of the contract. Other transactions with service providers which have been running for almost a year were not covered by contracts.

High Priority Recommendation:

- Coordinate lead time for endorsements of contracts to Headquarters.

10. Activation of projects

There were instances wherein projects activation was delayed, and temporary release of the projects had to be exceptionally approved several times.

High Priority Recommendation:

- Coordinate with other departments involved for swifter conclusions to contract negotiations.

Management agreed with the recommendations. Of the 10 key findings and high priority recommendations presented, 1 was assessed as implemented and closed while 9 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
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.