



IOM International Organization for Migration

EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
IOM Tirana
AL202001
17 - 21 FEBRUARY 2020

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Report on the Audit of IOM Tirana
Executive Summary
Audit File No. AL202001

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM Tirana, Albania (the “Country Office”) from 17 to 21 February 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 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 January 2018 to December 2019. The Country Office recorded the following expenses based on IOM financial records:

- 2018 – USD 835,638 representing 0.05 per cent and 0.50 per cent of IOM Total and South-Eastern Europe, Eastern Europe and Central Asia Region, respectively.
- 2019 – USD 1,390,498 representing 0.07 per cent and 0.60 per cent of IOM Total and South-Eastern Europe, Eastern Europe and Central Asia 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 Office as **substantially effective** which means 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.

***Note:** Internal Audit highlights that upon completion of the fieldwork the overall opinion was partially effective, however, the Country Office made a significant effort after the audit fieldwork and prior to the release of the report to address most of the recommendations raised and to mitigate identified risks.*

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

1. Procurement process
2. Programme and operations

There was satisfactory performance noted in Information Technology.

Key recommendations: Total = 15; High Priority= 2; Medium Priority = 6; Low Priority = 7

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 2 High priority recommendations presented below:

One (1) recommendation each for Procurement and Logistics and Programme and Operations. These recommendations aim to ensure that the assets of IOM are properly safeguarded and that operations are effective and efficient.

- Rectify the gaps noted in the procurement process to conform with IOM procurement procedures.
- Review project deliverables and re-align the budget allocations accordingly.

There remain 6 medium priority recommendations consisting of: 2 recommendations in Contracting and 1 recommendation each in Management and Administration, Personnel, Finance and Accounting, and Procurement and Logistics, 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) had been discussed directly with the management and actions have been initiated to address them.

Management comments and action plan

All 15 recommendations were accepted. The management has implemented all recommendations as of the date this summary is publicly available. 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 Tirana, Albania. As of January 2020, the Country Office has 47 personnel categorized into 1 official, 25 staff and 21 non-staff. The Country Office recorded the following expenses based on IOM financial records for the following periods:

- 2018 – USD 835,638 representing 0.05 per cent and 0.50 per cent of IOM Total and South-Eastern Europe, Eastern Europe and Central Asia Region, respectively.
- 2019 – USD 1,390,498 representing 0.07 per cent and 0.60 per cent of IOM Total and South-Eastern Europe, Eastern Europe and Central Asia Region, respectively.

The Country Office has a total portfolio of 30 projects and a total budget of USD 3.8 million. The top 2 projects by type:

- 1 project for Community and Economic Development amounting to USD 1.8 million or 48 per cent of the budget.
- 1 project on Migrant Training and Integration amounting to USD 480 thousand or 13 per cent 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 **substantially effective** which means “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.”

Note: *Internal Audit highlights that upon completion of the fieldwork the overall opinion was partially effective, however, the Country Office made a significant effort after the audit fieldwork and prior to the release of the report to address most of the recommendations raised and to mitigate identified risks.*

2. Satisfactory performance was noted in Information Technology.

IV. Key Findings and High Priority Recommendations

1. Procurement Process

There were gaps noted in the documentation and timeliness of processing of purchase orders in the system.

High Priority Recommendation:

- Rectify the gaps noted in the procurement process to conform with IOM procurement procedures.

2. Programme and Operations

The political context in Albania has shifted considerably between donor’s approval of the project and project’s inception and its implementation resulting to project challenges and delays.

High Priority Recommendation:

- Review project deliverables and re-align budget allocations accordingly.

Management agreed with the recommendations have implemented all the recommendations.

V. 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 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.