



EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
IT202201 – IOM Rome
14 to 24 November 2022

Issued by the Office of the Inspector General

Report on the Audit of IOM Rome
Executive Summary
IT202201

The Internal Audit function of the Office of the Inspector General's conducted an audit of IOM Rome, Italy (the "Country Office") from 14 to 24 November 2022. 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. Human Resources
- c. Finance and Accounting
- d. Procurement and Contracting
- e. Information and Communications Technology
- f. Programmes and Operations

The audit covered the activities of the Country Office from January 2021 to November 2022. The Country Office recorded the following expenses based on IOM financial records:

- January to December 2021 - USD 18,620,968
- January to September 2022 - USD 8,650,310

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. 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. Agreement with government
2. Delegation of authority matrix
3. Risk management
4. Consultancy contracts
5. Accounting of financial transactions

6. Travel duty and daily subsistence allowance
7. Supply chain management
8. Contract management
9. Asset management
10. Fuel management
11. ICT risk management
12. Donor reporting

Key recommendations: Total = 34: High Priority = 12; Medium Priority = 20; Low Priority = 2

High Priority Recommendations

Prompt action to be initiated within three months to ensure that IOM will not be adversely affected in its ability to achieve its strategic and operational objectives.

1. Three recommendations for Management and Administration, one for Human Resources, four for Procurement and Contracting, one for Information Technology as well as for Programmes 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.
 - Continue consultations with the Head Office on improved privileges for IOM, to the extent feasible.
 - Establish a comprehensive Delegation of Authority matrix covering relevant transactions requiring approvals.
 - Conduct a comprehensive risk assessment for the Country Office and develop risk registers and mitigation plans.
 - Strictly comply with IOM guidelines for the selection and employment of consultants.
 - Strengthen controls over sourcing of vendors and the procurement process.
 - Ensure the bidding process for recurring services to the Country Office includes possible alternative vendors that would provide the same services for a lower rate.
 - Update the assets register to reflect accurate inventory.
 - Perform monthly reviews to monitor the vehicle mileage and fuel consumption.
 - Identify ICT related risks and vulnerabilities and develop mitigation measures.
 - Improve timeliness of donor reporting through a more robust system of internal deadlines and monitoring controls over donor reports.
2. Two recommendations on Finance and Accounting are directed towards the enhancement of the reliability and integrity of the Country Office's financial and operational information.
 - Improve oversight of the documentation, review, and approval of financial transactions.
 - Strictly comply with IOM guidelines for the provision of travel duty and daily subsistence allowances and establish a system to monitor outstanding travel claims.

Limitations on the Scope of the Audit

Because of the concept of selective testing of data and inherent limitation of internal auditing, there is no guarantee that all matters of significance to IOM will be discovered by Internal Audit. It is the responsibility of Country Office local management 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.


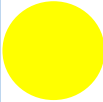


This report is intended solely for information and should not be used for any other purpose.

ANNEXES

1.1 Definitions

Audit Opinion

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

Opinion		Definition
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 has developed in line with IOM Risk Management framework for prioritizing internal audit findings according to their relative significance and impact to the process.

Rating¹	Control Effectiveness	Recommended action	Suggested timeframe
Very High	Issue represents a control weakness which could cause severe disruption of the process or severe 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.	Action to be initiated 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.	Action to be initiated in the medium term, normally within 3 months.
Medium	Issue represents a control weakness which could have significant adverse effect on the ability to achieve entity or process objectives.	Plan in keeping with all other priorities.	Action to be initiated in the longer term, 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.	Action to be initiated at the discretion of the risk owner.

¹ IN 213 rev. 1 references five risk categories; IA does not consider very low risk issues, hence follows a four-scale rating.