



EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
JO202201¹ – IOM Amman
8 to 24 May 2022

Issued by the Office of the Inspector General

¹ The audit was undertaken under a piloted agile protocol.

Report on the Audit of IOM Amman
Executive Summary
JO202201

The Internal Audit function of the Office of the Inspector General's conducted an audit of IOM Amman, Jordan (the "Country Office") from 8 to 24 May 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. Programme and Operations

The audit covered the activities of the Country Office from March 2020 to February 2022. The Country Office recorded the following expenses based on IOM financial records:

- January to December 2020 – USD 88,114,759
- January 2021 to February 2022 – USD 118,374,982

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**, 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 weakness noted in the following areas:

1. Resource Management Unit's critical personnel
2. Final inspection of construction works
3. Assets management
4. Network and cybersecurity
5. Delegation of authority
6. Procurement planning strategy

7. Distribution of tasks for panel A and B bank signatories
8. Community health workers
9. Coordination between units
10. Agreement with medical service providers
11. Contract management
12. Processes and procedures for in-house medical service providers
13. Banking arrangement
14. Procure to pay process
15. Service fee receipts

Key recommendations: Total = 29: Very High Priority = 2; High Priority = 13; Medium Priority = 11; Low Priority = 3

Very High Priority Recommendations

Prompt action is required within a 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 two Very High Priority recommendations consisting of one for Human Resources and another for Programme Operations, as follows:

- Develop a comprehensive and sustainable recruitment strategy to ensure timely recruitment and onboarding of senior management and Resource Management staff.
- Conduct a timely final inspection of construction works to avoid incurring losses due to defects identified outside the warranty period.

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.

1. Four recommendations for Procurement and Contracting, two for Management and Administration, three for Programme and Operations, and one for Information Technology aim to ensure that the assets of IOM are properly safeguarded, staff welfare is secured and that IOM operations are effective and efficient.
 - Finalize the full reconciliation of physical count of assets against the asset register.
 - Immediately remediate the discovered exploitable vulnerabilities and apply security updates.
 - Review and update the delegation of authority aligned with County Office requirements.
 - Establish a procurement planning strategy to ensure timely procurement of items during project implementation and equitably distribute procurement tasks among the staff.

- Establish clear roles and responsibilities and improve coordination between the Middle East Response Programme and the Resource Management Unit.
 - Review the contracts with the medical service providers hosted within the premises and ensure these contracts protect the interests of the beneficiaries and of IOM.
 - Review and coordinate the procurement requirements of each programme against long-term agreements to ensure special requirements and critical/technical obligations are fulfilled.
 - Set up a checklist of requirements and systematic filing system for the in-house medical service provider staff and ensure full compliance with the working arrangement.
 - Review distribution of tasks and responsibilities commensurate to staff position/function with respect to approval of payments for panel A and B signatories.
 - Create individual vendor accounts for community health workers to ensure the proper tracking, payment, and timely recording of transactions.
2. Three recommendation on Finance and Accounting is directed towards the enhancement of the reliability and integrity of the Country Office’s financial and operational information.
- Ensure access rights to the bank portal are limited and that bank instructions are received only from authorized staff.
 - Review the procure to pay process; set up a reliable and coordinated tracking mechanism for open purchase orders.
 - Establish adequate internal controls aligned with IOM financial and ensure proper safekeeping and accounting of service fee receipts.

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.


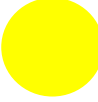


This report is intended solely for information and should not be used for any other purpose.

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:

Rating²	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.

² IN 213 rev. 1 references five risk categories; IA does not consider very low risk issues, hence follows a four-scale rating.