



EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
LR202201¹ – IOM Monrovia
15 to 19 August 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 Monrovia
Executive Summary
LR202201

The Internal Audit function of the Office of the Inspector General's conducted an audit of IOM Monrovia, Liberia (the "Country Office") from 15 to 19 August 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 June 2020 to May 2022. The Country Office recorded the following expenses based on IOM financial records:

- January 2021 to May 2022 – USD 1,870,514
- June to December 2020 – USD 527,211

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, 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.

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

1. Payroll process
2. Sustainability of operations
3. Reintegration assistance to migrants
4. Delegation of authority
5. Procurement process
6. Separation clearance
7. Asset management

8. Fleet monitoring
9. E-filing

Key recommendations: Total = 10: Very High Priority = 5; High Priority = 4; Medium Priority = 1

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 four Very High Priority recommendations consisting of two for Management and Administration, one recommendation each for Human Resources, Finance and Accounting, and Procurement and Logistics, as follows.

- Improve the review of the payroll process through a regular reconciliation of payroll changes and the granting of salary advances to staff.
- In coordination with the Regional Office, seek a longer-term solution to be able to maintain at least the minimal structure required to keep providing the services to migrants.
- Ensure complete and properly authorized documentation is provided to Finance to ensure that reintegration assistance was given to a migrant that has departed, and that these documents were timely recorded in the system.
- Review the delegation of authority matrix and adjust the thresholds to fit the size of the Country Office and the risk level acceptable to the Chief of Mission in consultation with the Regional Office.
- Establish standard policies and procedures for the procurement process and conduct training to all affected staff on the fundamental concepts of risk management, internal controls, compliance, and fraud awareness in procurement.

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. One recommendation for Human Resources and three for Procurement and Contracting. 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, as follows:

- Improve the process of reviewing staff leave balances and for granting staff separation clearance.
- Reperform the asset count and update the information in the asset register.
- Conduct proper monthly fuel consumption monitoring for all vehicles and ensure appropriate documentation is submitted and reviewed.
- Ensure the completion of the e-filing exercise on a timely basis.

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.


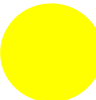


This report is intended solely for information and should not be used for any other purpose.

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.