



IOM International Organization for Migration

EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
Migration Health Assessment Programme
PH201701
June to November 2017

Issued by the Office of the Inspector General

Report on the Audit of Migration Health Assessment Programme
Executive Summary
Audit File No. PH201701

The IOM Office of the Inspector General conducted an internal audit of its Migration Health Assessment Programme from June to November 2017. The internal audit aimed to assess adherence to financial and administrative procedures in conformity with IOM's regulations and rules and the implementation of and compliance with its internal control system.

Specifically, the audit assessed the risk exposure and the risk management of Health Assessment Programme activities, in order to ensure that these are well understood and controlled by the responsible managers and the concerned staff implementing activities of Health Assessment Programme. Selected samples from the following areas were reviewed:

- a. Establishment of Migration Health Assessment Centre
- b. Organizational Structure and Management
- c. Programme Implementation
- d. Service Fee set-up, Collection and Recording
- e. Budget and Finance
- f. Procurement, Contracting and Inventory Management
- g. Human Resources

The audit covered the activities of Health Assessment Programme for the period January 2015 to December 2016. Migration Health Assessment Centre Kenya and Philippines were selected as samples and the following projects were reviewed:

- Kenya – MH.0036, MH.0019, MH.0010
- Philippines – MH.0019, MH.0030, MH.0049

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 the Migration Health Assessment Programme 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 Health Assessment Programme 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 Migration Health Assessment Programme as **partially effective** which means that “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 and those that are correctly designed are operating effectively”.

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

1. Establishment of the Migration Health Assessment Centre operations
2. Risk management plans
3. Standard operating procedures
4. Data access and security issues
5. Margin of safety
6. Global Health Assessment Programme service fees
7. Global sustainability mechanism

There was satisfactory performance noted in Global Incident Management system and in collecting and analysing customer feedback.

Key recommendations: Total = 19; High Priority = 7; Medium Priority = 12

High Priority recommendations

For the 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 High Priority recommendations are presented below:

1. One (1) recommendation on Establishment of Migration Health Assessment Centre, two (2) recommendations in Organizational Structure and Management and one (1) recommendation in Programme Implementation. These recommendations aim to ensure that the assets of IOM are properly safeguarded, IOM operations are legitimate, effective and efficient and that sensitive information are properly secured.
 - Ensure that all associated risks on the legality of Migration Health Assessment Centre operations are managed in accordance with IOM policies and procedures.
 - A programme-specific risk assessment and management plan following IOM policies and procedures should be put in place given the complexities of implementing health assessment services.
 - Develop or update, as appropriate, standard operating procedures.
 - Strengthen the data security and access controls of applications managing sensitive migrants' information.
2. Three (3) recommendations in Budget and Finance are directed towards the enhancement of the reliability and integrity of the Migration Health Assessment Programme's financial and operational information.

- Review the two conflicting instructions for computing margin of safety and set clear guidelines to ensure that calculation is harmonized.
- Enhance procedures to review, analyze and monitor financial performance.
- Regularly analyse variations versus targeted ratios, determine causes of variances and respond according to established IOM guidelines.

On top of the internal audit report, a management letter was issued in January 2019 to provide the management with additional information aiming to enhance the overall programme accountability. This covered eight (8) recommendations (i.e. six (6) medium priority and two (2) low priority) in the areas of Organizational Structure and Management, Programme Implementation, Budget and Finance and Human Resources.

Management comments and action plans

All nineteen (19) recommendations were accepted. Management is in the process of implementation. Comments and/or additional information provided have been incorporated in the report, where appropriate. The same applies for the eight (8) recommendations presented in the management letter.

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 Migration Health Assessment Programme

The audit covered the activities of Migration Health Assessment Programme. The internal audit reviewed the transactions of the two Migration Health Assessment Centres in Kenya and Philippines for the period January 2015 to December 2016. Specifically, the following Projects reviewed were:

- Kenya – MH.0036, MH.0019, MH.0010
- Philippines – MH.0019, MH.0030, MH.0049

II. Scope of the Audit

1. Objective of the Audit

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 Health Assessment Programme activities, in order to ensure that these are well understood and controlled by the responsible managers and the concerned staff implementing Health Assessment Programme activities.

III. Audit Conclusions

1. Overall Audit Rating

OIG assessed the Migration Health Assessment Programme as **partially effective** which means that "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 and those that are correctly designed are operating effectively."

IV. Key Findings and High Priority Recommendations

High Priority Recommendations

1. Uncertainty related to the validity of Migration Health Assessment Centre Operations
Not all Memorandum of Understanding with host governments include the health assessment activities. Hence, there are concerns on the validity of Migration Health Assessment Centre operations in those territories and questions on whether to obtain a local license or Memorandum of Understanding with the relevant Health department despite IOM having the full privileges and immunities in the country.

High Priority Recommendation:

- Ensure that all associated risks on the legality of Migration Health Assessment Centre operations are managed in accordance with IOM policies and procedures.

Management agreed with the recommendations and is implementing them.

2. Lack of programme specific risk management plan
There is no formal risk management plan in place to address the complexities of implementing wide range of health assessment services across various geographical locations.

High Priority Recommendation:

- A programme-specific risk assessment and management plan following IOM policies and procedures should be put in place given the complexities of implementing health assessment services.

Management agreed with the recommendations and is implementing them.

3. Incomplete and outdated standard operating procedures
There was a lack of harmonized and updated standard operating procedures that is applicable to all IOM Health Assessment Programme locations.

High Priority Recommendation:

- Develop or update, as appropriate, the standard operating procedures.

Management agreed with the recommendations and is implementing them.

4. Data access and security issues
There were several control deficiencies noted in the administration of system access, rights and roles which impact the data security and integrity of the various applications used to manage sensitive migrants' information.

High Priority Recommendation:

- Strengthen the data security and access controls of applications managing sensitive migrants' information.

Management agreed with the recommendations and is implementing them.

5. Purpose and calculation of Margin of Safety needs to be clarified
The existing instructions on "Fee Structure and Budgeting for Fee-based Global Health Assessment Programme" and "Sustainable Service Fee Development Package" provide for different manner of calculating margin of safety to arrive at service fee.

High Priority Recommendation:

- Review the two conflicting instructions for computing margin of safety and set clear guidelines to ensure that calculation is harmonized.

Management agreed with the recommendations and is implementing them.

6. Review of Global Health Assessment Programme service fees, revenue, and financial performance
While there are set procedures in place, the conduct of financial performance review and analysis was not adequate to ensure financial reliability and integrity.

High Priority Recommendation:

- Enhance procedures to review, analyze and monitor financial performance.

Management agreed with the recommendations and is implementing them.

7. Global Health Assessment Projects' accumulated balances need to be evaluated
The Global Sustainability Mechanism balance as of 2016 significantly increased by 170 per cent (USD 5.3 million) from 2012. In addition, the actual Accumulation Rate Index for years 2014 and 2015 had exceeded the established ideal Accumulation Rate Index of 6-9 per cent, the same case applies for the total three-year period ending in December 2016. Accumulation Rate Index is the ratio of Net Income to Revenue on an annual basis. Non-achievement of the targeted Accumulation Rate Index means that the Country Offices were unable to plan and execute their financial performances at the optimal level.

High Priority Recommendation:

- Regularly analyse variations versus targeted ratios, determine causes of variances and respond according to established IOM guidelines.

Management agreed with the recommendations and is implementing them.

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.