



**EXECUTIVE SUMMARY**  
**INTERNAL AUDIT REPORT**  
**SL202201<sup>1</sup> – IOM Freetown**  
**1 to 12 August 2022**

**Issued by the Office of the Inspector General**

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<sup>1</sup> The audit was undertaken under a piloted agile protocol.

**Report on the Audit of IOM Freetown**  
**Executive Summary**  
**SL202201**

The Internal Audit function of the Office of the Inspector General's conducted an audit of IOM Freetown, Sierra Leone (the "Country Office") from 1 to 12 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 10,268,788
- June to December 2020 – USD 1,859,482

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 **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.

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

1. authority matrix
2. Security of premises and use of personal phones and vehicles
3. Delegation of authority from Director General to Officer in-charge
4. Completeness of documentation
5. Organizational structure and capacity
6. Duplicate payments to beneficiaries

7. Vendor creation
8. Management oversight of internal controls
9. Payment process and procedures
10. Payroll review and payment
11. Management of staff leave
12. Procurement process
13. Fleet management
14. Vendor screening process
15. Risk management
16. Asset management
17. Project monitoring reports
18. Contract management
19. Salary advances
20. Financial support to government
21. Operational and travel advances

**Key recommendations: Total = 24; Very High Priority = 15; High Priority = 8; Medium Priority = 1**

#### **Very High Priority Recommendations<sup>2</sup>**

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 thirteen Very High Priority recommendations consisting of five recommendations for Management and Administration, four for Finance and Accounting, two for Human Resources, two for Procurement and Contracting, and one recommendation for Information Technology, as follows:

- Review the delegation of authority matrix and assign roles to appropriate staff without conflicting duties.
- Improve security of IOM premises; establish policies and procedures for the use of personal phones and vehicles.
- Request the Regional Office to contact the Chief of Staff to provide the delegation of authority from the Director General to the officer-in-charge.
- Establish policies and procedures for the handling and safekeeping of all documents and assign a staff to oversee the process.
- Update the current County Office organigram and provide appropriate training to staff.
- Obtain approval for the write offs of unrecovered double payments.

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<sup>2</sup> Out of the 15 Very High priority recommendations, 1 recommendation each under Management and Administration and Information and Communications Technology were not presented in the Executive Summary, according to the provisions of IB/78 "Disclosure of IOM Internal Audit Reports".

- Fully comply with IOM guidelines on the creation of vendor accounts.
- Ensure staff involved in their processes are knowledgeable of their respective roles and responsibilities and all relevant IOM guidelines are fully complied with.
- Streamline payment process and procedures; clarify the roles and accountabilities of process owners.
- Review all supporting documents and substantiate the changes in payroll and ensure requests for payroll payment are authorized and properly dated.
- Reconcile staff leave balances and update HR portal accordingly.
- Establish policies and procedures on procurement in compliance with IOM guidelines and provide training to staff.
- Optimize the use of rented vehicles and strengthen controls over fleet monitoring and fuel consumption.

### **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. Two recommendations for Management and Administration, two for Procurement and Contracting, one recommendation each for Human Resources and Programme 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, as follows:
  - Ensure due diligence is performed and proper documentation is recorded during vendor application process.
  - Establish a risk management framework to identify, prioritize risks and develop action plans for implementation and monitoring.
  - Conduct regular physical asset counts and reconciliation with the asset register and update records, as needed.
  - Access to project monitoring reports should be provided to Project Managers and their designated assistants.
  - Ensure contracts have been properly reviewed, authorized, and adequately monitored.
  - Fully comply with the Staff Regulations and Rules the procedures for salary advances.
  - Any request for financial support to the Government should be accompanied by a Memorandum of Understanding laying out details of fund usage.
2. One recommendation on Finance and Accounting is directed towards the enhancement of the reliability and integrity of the Country Office's financial and operational information.
  - Fully comply with IOM guidelines on operational and travel advances.

**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
<b>Effective</b>		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.
<b>Partially Effective, Some improvements needed</b>		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.
<b>Partially Effective, Major improvements needed</b>		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.
<b>Ineffective</b>		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:

<b>Rating<sup>3</sup></b>	<b>Control Effectiveness</b>	<b>Recommended action</b>	<b>Suggested timeframe</b>
<b>Very High</b>	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.
<b>High</b>	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.
<b>Medium</b>	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.
<b>Low</b>	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.

<sup>3</sup> IN/213 rev. 1 references five risk categories; IA does not consider very low risk issues, hence follows a four-scale rating.