International Organization for Migration (IOM)

The UN Migration Agency

EXECUTIVE SUMMARY

INTERNAL AUDIT REPORT

IOM Regional Office Dakar

SN201901

3 - 12 June 2019

Issued by the Office of the Inspector General

Report on the Audit of IOM Regional Office Dakar
Executive Summary
Audit File No. SN201901

The IOM Office of the Inspector General (OIG) conducted an internal audit of the Regional Office Dakar, Senegal from 3 to 12 June 2019. The internal audit was 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 Regional Office activities in order to ensure these are well understood and controlled by the Regional Director and Regional Office staff. Programme and Operations were excluded from the scope of this audit. Selected samples from the following areas were reviewed:

       a. Management and Administration
       b. Personnel
       c. Finance and Accounting
       d. Procurement and Logistics
       e. Information Technology
       f. Programme and Operations

The audit covered the activities of the Regional Office from 1 July 2017 to 30 June 2019. The Regional Office recorded the following expenses based on IOM financial records:

- 2018 - USD 8,125,594 representing 0.455 per cent of IOM Total.
- January to May 2019 - USD 4,038,364 representing 0.462 per cent of IOM Total.

The last internal audit of the Regional Office Dakar was in September 2016.

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 management of the Regional Office 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 management to determine whether the areas the internal audit covered, and the extent of verification or other checking included are adequate for 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 following the *International Standards for the Professional Practice of Internal Auditing.*

Overall audit rating

OIG assessed the Regional Office 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. Delegation of authority and segregation of duties
2. Risk management

Key recommendations: Total = 23; High Priority = 2; Medium Priority = 20; Low Priority = 1

There was satisfactory performance noted in Contracting.

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.

There are 2 High Priority Recommendations in Management and Administration. These recommendations aim to ensure that assets of IOM are properly safeguarded, its staff welfare is secured, and IOM operations are efficient and effective.

- o Update the delegation of authority matrix and the separation of administrative responsibilities document to conform with IOM guidelines.
- o Commence preliminary risk assessment as a first step in formulating a risk management plan.

There remains another 20 Medium priority recommendations consisting of: 7 recommendations in Management and Administration, 4 recommendations in Finance and Accounting, 3 recommendations in Information Technology, 2 recommendations each in Personnel, Procurement and Logistics, and Programme and Operations, which need to be addressed by the Regional Office within one year to ensure that such weaknesses in controls will not moderately affect the Regional Office's ability to achieve its entity or process objectives.

There was 1 Low priority recommendation (not included in this Executive Summary) which was discussed directly with the management and actions have been initiated to address them.

Management comments and action plans

Management accepted 20 recommendations and is in the process of implementation. There were 3 recommendations consisting of 1 high priority and 2 medium priority recommendations which were partially accepted. Comments and/or additional information provided have been incorporated in the report, where appropriate.

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 Office

The Regional Office is located in Dakar, Senegal. As of May 2019, the number of personnel supporting the Regional Office are 64 personnel consisting of 35 officials, 25 staff, 4 non-staff. The Regional office recorded the following expenses based on IOM financial records for the following periods:

- 2018 – USD 8,125,594 representing 0.455 per cent of IOM Total.
- January to May 2019 – USD 4,038,364 representing 0.462 per cent of IOM Total.

The Regional Office has a total portfolio of 28 projects and total budget of USD 12,278,576. The top 2 projects by type:

- 13 Projects for Return and Reintegration amounting to USD 9,387,289.66 or 67.45 per cent of the budget.
- 3 Projects on Counter Trafficking amounting to USD 1,082,587 or 8.82 per cent of the budget.

The last audit of the Regional Office Dakar was in September 2016 wherein the overall rating was "Partially Effective".

Implementation status of previous OIG audit recommendations: Audit Report No. SN201601 – IOM Regional Office Dakar, total recommendations: 14; All 14 recommendations had been implemented.

II. Scope of the Audit

1. Objective of the Audit

The internal audit was conducted in accordance with the Charter of the Office of the Inspector General and following 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 Regional Office activities in order to ensure that these are well understood and controlled by the Regional Director and Regional staff. Recommendations made during the internal audit fieldwork and in this report aim to equip the Regional Office managers and staff to review, evaluate and improve their own internal control and risk management systems.

III.   Audit Conclusions

1. Overall Audit Rating

OIG assessed the Office 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."*

There was satisfactory performance noted in Contracting.

IV.   Key Findings and High Priority Recommendations

1. Delegation of authority and segregation of duties
    The existing delegated functions are not consistent with the documented delegation of authority matrix. Further, there were assigned roles that conflicted with existing duties and responsibilities.

    High Priority Recommendation:
    - o   Update the delegation of authority matrix and the separation of administrative responsibilities document to conform with IOM guidelines.

    Management partially agreed with some recommendations and is implementing them.

2. Risk management
    There was no implemented formal risk management process following IOM guidelines.

    High Priority Recommendation:
    - o   Commence preliminary risk assessment as a first step in formulating a risk management plan.

    Management agreed with the recommendation 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.	Ongoing control as part of a management system.