



International Organization for Migration (IOM)
The UN Migration Agency

EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
IOM Country Office Dakar

SN201902

13 - 20 June 2019

Issued by the Office of the Inspector General

Report on the Audit of IOM Country Office Dakar
Executive Summary
Audit File No. SN201902

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM Dakar (the “Country Office”) from 13 to 20 June 2019. The 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. Personnel
- c. Finance and Accounting
- d. Procurement and Logistics
- e. Contracting
- f. Information and Technology
- g. Programme and Operations

The audit covered the activities of the Country Office from January 2018 to May 2019. The Country Office recorded the following expenses based on IOM financial records:

- 2018 – USD 4,364,105 representing 0.244 per cent of IOM Total and 54.22 per cent of Central and West Africa Region, respectively.
- January to May 2019 – USD 1,594,179 representing 0.182 per cent of IOM Total and 39.46 per cent of Central and West Africa Region, respectively.

The last internal audit of the Country Office 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 local management of the Country 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 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.

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 Country 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. Organizational structure
2. Delegation of authority and segregation of duties
3. Regulatory framework and training plan
4. Cash management
5. Administration of bank accounts
6. Long outstanding vendor accounts
7. Controls over financial transactions
8. Financial management reports submission
9. Asset management

Key recommendations: Total = 28; High Priority = 9; Medium Priority = 15; Low Priority = 4

High Priority Recommendations

For 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. There are 3 recommendations in Management and Administration and one 1 recommendation in Procurement and Logistics. 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.
 - Review staff’s actual tasks or responsibilities and adjust the terms of reference and organization chart as needed.
 - Strictly comply with IOM policies and procedures on preparation of delegation of authority matrix and proper segregation of duties.
 - Prepare local guidelines on country office specific recurring processes or transactions and provide a formal training plan for new staff which should cover the areas related to IOM policies, structure, and procedures.
 - Improve asset management internal controls to help ensure the accuracy, completeness, and clear accountability or asset ownership.
2. Five (5) recommendations on Finance and Accounting is directed towards the enhancement of the reliability and integrity of the country office’s financial and operational information.
 - Strengthen management of cash on hand and ensure the petty cash fund is limited to set threshold.

- Strengthen controls over the administration of bank accounts following IOM guidelines.
- Strengthen monitoring and follow-up of vendor accounts balances to ensure that all outstanding payables or receivables are valid and settled timely.
- Consistently follow IOM policies and procedures for documenting, approval and recording of financial transactions
- Provide timely feedback to IOM head office through regular financial reporting so that outstanding or emerging issues can be timely monitored, followed-up and resolved.

There remain 15 Medium priority recommendations consisting of: 7 recommendations in Management and Administration, 3 recommendations in Personnel, 2 recommendations each in Procurement and Logistics and Information and Technology, and 1 recommendation in Finance and Accounting, which need to be addressed by the Country Office within one year to ensure that such weaknesses in controls will not moderately affect the Country Office's ability to achieve its entity or process objectives.

Four (4) Low priority recommendations (not included in this Executive Summary) had been discussed directly with the management and actions had been initiated to address them.

Management comments and action plans

Of the 28 total recommendations, 15 recommendations were accepted, and 5 recommendations consisting of: 1 high priority recommendation, 2 medium priority recommendations and 2 low priority recommendations, which were not accepted by management. There was also a total of 8 recommendations consisting of: 5 high priority recommendations and 3 medium priority recommendations which were partially accepted.

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 Country Office

The main office is located in Dakar, Senegal. As of May 2019, the Country Office has 111 personnel consisting of 12 officials, 57 staff, 42 non-staff. The Country Office recorded the following expenses based on IOM financial records for the following periods:

- 2018 – USD 4,364,105 representing 0.244 per cent of IOM Total and 54.22 per cent of Central and West Africa Region, respectively.
- January to May 2019 – USD 1,594,179 representing 0.182 per cent of IOM Total and 39.46 per cent of Central and West Africa Region, respectively.

The Country Office has a total portfolio of 32 projects and total budget of USD 10,385.734. The top 2 projects by type:

- 5 Projects for Return and Reintegration amounting to USD 5,638,941 or 54 per cent of the budget.
- 1 Project on Technical Cooperation amounting to USD 1,080,502 or 10.4 per cent of the budget.

The last audit was in September 2016 wherein the overall rating was “Partially Effective”.

Implementation status of previous OIG audit recommendations: Audit Report No. SN201601 – IOM Country Office Dakar, total recommendations: 26; All 26 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 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 Country Office activities in order to ensure that these are well understood and controlled by the local management and staff.

Recommendations made during the internal audit fieldwork and in the report aim to equip the local management 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 Country 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”*.

IV. Findings and High Priority Recommendations

1. Organizational Structure

The organization chart does not reflect the correct names and positions of staff and certain positions were missing. Further the terms of reference of some of the staff are not updates.

High Priority Recommendation:

- Review the staff’s actual tasks or responsibilities and adjust the terms of reference and organization chart as needed.

2. Delegation of Authority and Segregation of duties

The delegation of authority documents revealed certain gaps such as threshold of limits of authority, among others. There were also conflicting duties assigned to staff.

High Priority Recommendation:

- Strictly comply with IOM policies and procedures on preparation of delegation of authority matrix and proper segregation of duties.

3. Regulatory framework and training plan

There were no local internal guidelines for country office specific recurring processes or transactions. New staff did not receive induction training/orientation with respect to IOM rules and administrative procedures other than the normal welcome package prepared by the country office.

High Priority Recommendation:

- Prepare local guidelines on country office specific recurring processes or transactions.
- Provide a formal training plan for new staff which should cover the areas related to IOM policies, structure, and procedures.

4. Cash Management

Petty cash transactions exceed the USD 200 threshold. Some transactions did not have the appropriate approvals. The custodian retains part of the returned staff travel advances to replenish the petty cash fund.

High Priority Recommendation:

- Strengthen management of cash on hand and ensure the petty cash fund is limited to set threshold.

5. Administration of bank accounts

The country office retains significant balance in its bank accounts exceeding the recommended minimum. Unreconciled items noted during preparation of bank reconciliations were transferred to a specially created project code.

High Priority Recommendation:

- Strengthen controls over the administration of bank accounts following IOM guidelines.

6. Long outstanding vendor accounts

There were several vendor accounts which were outstanding for more than two months and some items of these were related to ended projects or separated staff.

High Priority Recommendation:

- Strengthen monitoring and follow-up of vendor accounts balances to ensure that all outstanding payables or receivables are valid and settled timely.

7. Controls over financial transactions

There were several internal control weaknesses over the documentation, approval and recording of financial transactions.

High Priority Recommendation:

- Consistently follow IOM policies and procedures for documenting, approval and recording of financial transactions.

8. Financial management reports submission

Completion of the periodic checklist review and submission of regular financial reports to IOM head office was not timely.

High Priority Recommendation:

- Provide timely feedback to IOM head office through regular financial reporting so that outstanding or emerging issues can be timely monitored, followed-up and resolved.

9. Assets management

There were several weaknesses noted in tracking of physical assets due to lack of asset identifiers like location code and assignment of responsible person. Excel files maintained does not reconcile with the asset listing in the system.

High Priority Recommendation:

- Improve asset management internal controls to help ensure the accuracy, completeness, and clear accountability or asset ownership.

Management is in progress of implementing the recommendations.

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.