



EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
SS202201 - IOM Juba
18 April to 6 May 2022

Issued by the Office of the Inspector General

Report on the Audit of IOM Juba
Executive Summary
SS202201

The Internal Audit function of the Office of the Inspector General's conducted an audit of IOM Juba, South Sudan (the "Country Office") from 18 April to 6 May 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 January 2020 to December 2021. The Country Office recorded the following expenses based on IOM financial records:

- January to December 2020 – USD 88,198,285
- January to December 2021 – USD 88,048,794

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** which means, 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. Acquisition of assets for field activities
2. Bids, evaluation, and awarding of contracts
3. Handling and storage of fuel
4. Ethics and Conduct
5. Reporting lines and segregation of duties
6. Security management
7. Risk management and oversight

8. Travel expense claims and recording
9. Cash handling
10. Vendor management
11. Staff vendor accounts
12. Valuation of insurable assets
13. Risk management related to procurement
14. Procurement contract management
15. Vendor screening process
16. Inventory management
17. Fuel management
18. Assets management
19. Project activation
20. Project execution and monitoring
21. Donor reporting process

Key recommendations: Total = 38: Very High Priority = 3; High Priority = 18; Medium Priority = 15; Low = 2

Very High Priority Recommendations

Prompt action to be initiated 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 three very high priority recommendations, consisting of one recommendation for Finance and two recommendations for Procurement and Contracting. These are as follows:

- Acquisition and cost charging of assets for field activities should be coordinated and approved by Head office prior to implementation.
- The Country Office should fully comply with IOM procurement policies and ensure transparency in the tender process.
- Establish process for proper handling and storage of fuel and other hazardous materials in compliance with environmental safety standards.

High Priority Recommendations

Prompt action to be initiated 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 as follows:

1. Four recommendations under Management and Administration, seven for Procurement and Contracting, and three for 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.
 - Re-enforce stricter implementation of ethical and behavioural standards.

- Clarify roles, responsibilities and reporting lines of staff and strengthen oversight management over procurement.
 - Review and address the identified security concerns.
 - Update the existing risk registers and assign accountable process owners to manage the risks.
 - Improve risk management oversight over procurement and identify risks/trends.
 - Review insurance coverage and appropriateness of asset valuation method in use.
 - Ensure all procurement contracts are properly reviewed and signed by authorized parties.
 - Improve standard procedures over vendor appointment process and that checklist requirements are met.
 - Enhance daily inventory checking procedures and increase awareness of procedures through training.
 - Confirm fuel management in all locations are performed by IOM staff.
 - Ensure asset register is updated per location and reconciled with IOM records.
 - Increase capacity for project activation in the system.
 - Conduct refresher trainings for project managers on project risk management, procurement planning and strategy.
 - Establish standard operating procedures for the timely reporting and monitoring of reports submission to donors.
2. Four recommendations on Finance and Accounting are directed towards the enhancement of the reliability and integrity of the Country Office's financial and operational information.
- Establish standard operating guidelines for timely preparation of claims, processing, recording of travel expenses.
 - Remove unauthorized access rights to cashier's office and ensure cash on hand are within the approved cash float.
 - Timely review and follow up settlement of long outstanding accounts payable.
 - Issue Country Office specific guidelines for the timely liquidation of cash advances from staff.

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.


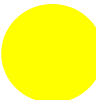


This report is intended solely for information and should not be used for any other purpose.

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:

Rating	Definition	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.