



IOM International Organization for Migration

EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
IOM Regional Office Bangkok
TH201802
22 - 26 October 2018

Issued by the Office of the Inspector General

Report on the Audit of IOM Regional Office Bangkok
Executive Summary
Audit File No. TH201802

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM Regional Office Bangkok, Kingdom of Thailand (the “Regional Office”) from 22 to 26 October 2018. 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 risk management of the Regional Office’s activities, in order to ensure these are well understood and controlled by the Regional Office 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 Regional Office from September 2016 to August 2018. The Regional Office recorded the following expenses based on IOM financial records:

- September to December 2016 – USD 1,848,333 representing 0.31 per cent of IOM Total and 1.91 per cent of Asia and the Pacific Region, respectively.
- 2017 – USD 6,332,706 representing 0.40 per cent of IOM Total and 2.26 per cent of Asia and the Pacific Region, respectively.
- January to August 2018 – USD 4,420,235 representing 0.39 per cent of IOM Total and 1.88 per cent of Asia and the Pacific Region, respectively.

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 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 Regional office 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 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. Narrative reports review and endorsement
2. Risk assessment plan

There was satisfactory performance noted in Contracting and Information Technology.

Key recommendations: Total = 15; High Priority = 4; Medium Priority = 8; Low Priority = 3

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:

Four (4) recommendations for Management and Administration¹ which aim to ensure that the assets of IOM are properly safeguarded and that IOM operations are effective and efficient.

- Review the terms of reference of the affected officers to reflect their actual duties and responsibilities in the review and endorsement of narrative reports.
- Review the risk assessment component of the project handbook to clarify the specific role of Regional Thematic Specialist in relation to project review and endorsement.

There remain another 8 Medium priority recommendations consisting of: 2 recommendations in Management and Administration, 3 recommendations in Personnel, 2 recommendations in Finance and Accounting, and 1 recommendation in Procurement and Logistics 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.

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

Management comments and action plans

All 15 recommendations were accepted. Management is in the process of implementation and as of 31 January 2020 only 2 recommendations remained open. 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.

¹ Out of the four recommendations under Management and Administration, two recommendations were not presented in the executive summary, according to the provisions of IB/78 “Disclosure of IOM Internal Audit Reports”.

**International Organization for Migration
Office of the Inspector General**

I. About the Regional Office

The Regional Office is located in Bangkok, Kingdom of Thailand. As of 1 October 2018, the Regional Office has 50 personnel categorized into: 26 officials, 17 staff and 7 non-staff. The Regional Office recorded the following expenses based on IOM financial records for the following periods:

- September to December 2016 – USD 1,848,333 representing 0.31 per cent of IOM Total and 1.91 per cent of Asia and the Pacific Region, respectively.
- 2017 – USD 6,332,706 representing 0.40 per cent of IOM Total and 2.26 per cent of Asia and the Pacific Region, respectively.
- January to August 2018 – USD 4,420,235 representing 0.39 per cent of IOM Total and 1.88 per cent of Asia and the Pacific Region, respectively.

The Regional Office has a total portfolio of 30 projects and a total budget of USD 12,642,116. The top 2 projects by type:

- 4 projects for Operational Support Income amounting to USD 5,006,540 or 40 per cent of the budget.
- 3 projects for Counter Trafficking amounting to USD 2,706,857 or 21 per cent of the budget.

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 Regional 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 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.”

2. Satisfactory performance was noted in Contracting and Information Technology.

IV. Key Findings and High Priority Recommendations

1. Narrative reports review and endorsement

The change in the roles of Regional Liaison and Policy Officer, Regional Thematic Specialist and Regional Reporting Officer with respect to review of narrative reports was not incorporated in their existing terms of reference. In addition, there is no approved and documented instruction regarding the backup system.

High Priority Recommendation:

- Review the terms of reference of the affected officers to reflect their actual duties and responsibilities in the review and endorsement of narrative reports.

2. Risk assessment plan

Four of the Regional Thematic Specialists have expressed concerns on the clarity of their roles in terms of risk assessment, more so on their capability to perform such task.

High Priority Recommendation:

- Review the risk assessment component of the project handbook to clarify the specific role of Regional Thematic Specialist in relation to project review and endorsement.

Management agreed with the recommendations. Of the two key findings and high priority recommendations presented, only one remains open and is in the process of implementation, related to the risk assessment plan.

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.