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IOM International Organization for Migration

**EXECUTIVE SUMMARY**  
**INTERNAL AUDIT REPORT**  
**IOM Dushanbe**  
**TJ201701**  
**21 - 25 August 2017**

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

**Report on the Audit of IOM Dushanbe**  
**Executive Summary**  
**Audit File No. TJ201701**

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM Dushanbe, Tajikistan (the “Country Office”) from 21 to 25 August 2017. The internal audit was 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 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 1 August 2015 to 31 July 2017. The Country Office recorded the following expenses based on IOM financial records:

- 1 August 2015 to 31 December 2015 - USD 1,881,176 representing 0.28% and 3.75% of IOM Total and South-Eastern Europe, Eastern Europe and Central Asia Region, respectively.
- 2016 – USD 2,819,769 representing 0.17% and 1.69% of IOM Total and South-Eastern Europe, Eastern Europe and Central Asia Region, respectively.
- 1 January 2017 to 31 July 2017 – USD 2,020,149 representing 0.23% and 2.23% of IOM Total and South-Eastern Europe, Eastern Europe and Central Asia 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 Country office to establish and implement internal control systems to ensure 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. Privileges and Immunities
2. Operating environment

There was satisfactory performance in Information Technology.

### **Key recommendations: Total = 17; High Priority = 2; Medium Priority = 13; Low Priority = 2**

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 two (2) high priority recommendations for Management and Administration which aim to ensure that the assets of IOM are properly safeguarded and that IOM has efficient and effective operation is in place. These are as follows:

- The Country Office should continue working with relevant IOM units to find suitable solution to the pending request from host government and closely monitor other emerging issues that may have adverse effect to its operations.
- The Country Office should continue pursuing the government clearance similar to the one granted by the Kazakhstan government, in addition to integrating such problems in its risk management process.

Except in the area of Information Technology, there remains another 13 Medium priority recommendations consisting of: Five (5) recommendations in Management and Administration; Two (2) in Personnel; Two (2) in Finance and Accounting; Two (2) in Procurement and Logistics; One (1) in Contracting; and One (1) in Programme and Operations, 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.

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

## Management comments and action plans

All 17 recommendations were accepted. Management is in the process of implementation. 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 Main Office is located in Dushanbe, Tajikistan. As of 31 August 2017, the Country Office has 43 personnel categorized into: 2 officials, 32 staff and 9 non-staff. The Country Office recorded the following expenses based on IOM financial records for the following periods:

- 1 August 2015 to 31 December 2015 - USD 1,881,176 representing 0.28% and 3.75% of IOM Total and South-Eastern Europe, Eastern Europe and Central Asia Region, respectively.
- 2016 – USD 2,819,769 representing 0.17% and 1.69% of IOM Total and South-Eastern Europe, Eastern Europe and Central Asia Region, respectively.
- 1 January 2017 to 31 July 2017 – USD 2,020,149 representing 0.23% and 2.23% of IOM Total and South-Eastern Europe, Eastern Europe and Central Asia Region, respectively.

The Country Office has a total portfolio of 34 projects and total budget of USD 6,734,642. The top two projects by type:

- 2 Community Stabilization Projects amounting to USD 2,914,195 or 43.27% of the budget.
- 3 Technical Cooperation Projects amounting to USD 1,356,822 or 20.15% 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 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 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 this 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”.

#### 2. There was satisfactory performance in Information Technology.

### IV. Key Findings and High Priority Recommendations

#### 1. Privileges and Immunities

The Country Office had escalated the issue with Headquarters to comply with a pending request from the host government to furnish them with the list of IOM staff personal details. However, feedback was still pending.

##### High Priority Recommendations

- The Country Office should continue working with relevant IOM units to find suitable solution to the pending request from host government and closely monitor other emerging issues that may have adverse effect to its operations.

*Management agreed with the recommendations and is implementing them.*

#### 2. Operating environment

The termination of services of international couriers severely affected the operation of a programme which solely relies on courier services to send and receive visa application documents to Moscow for processing.

##### High Priority Recommendation:

- Country Office should continue pursuing the government clearance similar to the one granted by the Kazakhstan government, in addition to integrating such problems in its risk management process.

*Management agreed with the recommendations 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:

<b>Descriptor</b>	<b>Guide</b>
<b>Fully effective</b>	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.
<b>Substantially effective</b>	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.
<b>Partially effective</b>	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.
<b>Largely ineffective</b>	Significant control gaps. Either controls do not treat root causes or they do not operate at all effectively.
<b>None or totally ineffective</b>	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 portray the prioritization of internal audit findings according to their relative significance and impact to the process:

Rating	Definition	Suggested action	Suggested timeframe
<b>Very High</b>	Issue represents a control weakness which could cause <b>critical</b> disruption of the process or <b>critical</b> 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.
<b>High</b>	Issue represents a control weakness which could have <b>major</b> 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.
<b>Medium</b>	Issue represents a control weakness which could have <b>moderate</b> 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.
<b>Low</b>	Issue represents a minor control weakness, with <b>minimal</b> 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.