



International Organization for Migration (IOM)
The UN Migration Agency

EXECUTIVE SUMMARY
INTERNAL AUDIT REPORT
IOM Harare
ZW201901
8 - 12 July 2019

Issued by the Office of the Inspector General

Report on the Audit of IOM Harare
Executive Summary
Audit File No. ZW201901

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM Harare (the “Country Office”) from 8 to 12 July 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 June 2019. The Country Office recorded the following expenses based on IOM financial records:

- 2018 – USD 2,617,535 representing 0.15 per cent and 5.96 per cent of IOM Total and Southern Africa Region, respectively.
- January to June 2019 – USD 2,148,470 representing 0.20 per cent and 8.08 per cent of IOM Total and Southern Africa 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 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. Payment of obligations
2. Financial administration
3. Implementing partner selection
4. Donor relationship
5. Implementing partner’s capacity
6. Programme implementation

Key recommendations: Total = 22; High Priority = 6; Medium Priority = 15; Low Priority = 1

High Priority Recommendation

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:

1. There are 3 recommendations in Programme and Operations, and 1 recommendation each in Management and Administration, and 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.
 - In coordination with Treasury, explore alternative ways of facilitating payment of obligations.
 - In coordination with the Procurement and Supply Division, obtain capacity assessment tools and guidelines on selection of implementing partners.
 - Monitor donor special conditions stipulated in the donor agreements and ensure strict compliance.
 - Enhance capacity of implementing partners on the areas found weak or inadequate.
 - Closely and regularly monitor the progress of project execution against project plans and expectations.
2. There is 1 recommendation on Finance and Accounting is directed towards the enhancement of the reliability and integrity of the Country Office’s financial information.
 - Strictly comply with IOM policies and procedures on financial administration.

There remain 15 Medium priority recommendations consisting of: 6 recommendations in Finance and Accounting, 4 recommendations in Management and Administration, 3 recommendations in Personnel, and 1 recommendation each in Procurement and Logistics and Contracting, 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.

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

Management comments and action plans

Management is in the process of implementation of 21 recommendations raised. 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 Country Office

The main office is located in Harare, Zimbabwe. As of June 2019, the Country Office has 40 personnel consisting of 4 officials, 28 staff, 8 non-staff. The Country Office recorded the following expenses based on IOM financial records for the following periods:

- 2018 – USD 2,617,535 representing 0.15 per cent and 5.96 per cent of IOM Total and Southern Africa Region, respectively.
- January to June 2019 – USD 2,148,470 representing 0.20 per cent and 8.08 per cent of IOM Total and Southern Africa Region, respectively.

The Country Office has a total portfolio of 28 projects and total budget of USD 6.6 million. The top 2 projects by type:

- 4 Projects for Counter trafficking amounting to USD 0.6 million or 8.59 per cent of the budget.
- 3 Projects on Migration and economic/community development amounting to USD 1.7 million or 25.67 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 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. Key Findings and High Priority Recommendations

1. Payment of obligations

The country office faces challenges in meeting its payments obligations brought about by the introduction of the country's new monetary policy.

High Priority Recommendation:

- In coordination with Treasury, explore alternative ways of facilitating payment of obligations.

2. Financial administration

Gaps were identified in the segregation of duties and controls over financial administration.

High Priority Recommendation:

- Strictly comply with IOM policies and procedures on financial administration.

3. Implementing Partner Selection

The country office did not perform proper capacity assessments of prospective Implementing Partners to evaluate if they could effectively implement and deliver the project outcomes.

High Priority Recommendation:

- In coordination with the Procurement and Supply Division, obtain capacity assessment tools and guidelines on selection of implementing partners.

4. Donor relationship

The country office did not comply with donor special condition resulting to the disallowance of certain expenses and subsequent reimbursement to the donor. Further, beneficiary information was not password protected.

High Priority Recommendation:

- Monitor donor special conditions stipulated in the donor agreements and ensure strict compliance.

5. Implementing partners' capacity

The implementation capacity of several Implementing partners who were allocated a significant amount of programme budget was found weak and programmatic activities had lagged behind.

High Priority Recommendation:

- Enhance capacity of implementing partners on the areas found weak or inadequate.

6. Programme implementation

The financial rate of programme implementation for several projects was found to be slow due to various reasons.

High Priority Recommendation:

- Closely and regularly monitor the progress of project execution against project plans and expectations.

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:

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.