



**EXECUTIVE SUMMARY**

**INTERNAL AUDIT REPORT**

**IOM CAIRO**

**EG202101**

**23 January – 19 February 2022**

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

International Organization for Migration

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**Report on the Audit of IOM Cairo**  
**Executive Summary**  
**EG202101**

The IOM Office of the Inspector General (OIG) conducted a remote internal audit of Country Office IOM Cairo, Egypt (the “Country Office”) from 23 January to 19 February 2021. 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 Technology
- f. Programme and Operations

The audit covered the activities of the Country Office from November 2019 to October 2021. The Country Office recorded the following expenses based on IOM financial records:

- January to December 2020 December – USD 10,938,36
- January to December 2021 – USD 16,864,063

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 that 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.

**Key recommendations: Total = 20; Very High Priority = 2; High Priority = 4; Medium Priority = 11; Low priority = 3**

**Very High Priority Recommendations**

1. Incomplete Delegation of Authority Matrix and Assignment of Tasks
  - The country office in coordination with the regional office should develop a formal and comprehensive matrix covering relevant transactions requiring approvals. One that

clearly defines who is responsible for a specific process to ensure consistency, work efficiency and clarify accountability.

2. Deficient Procurement Process

- Requirement for goods and services receipts to be completed (i.e. detailed, well documented, approved by qualified staff to assess compliance with original request. Quality control of purchase orders is required, as is correct coding of goods and services. All vendor evaluations are to be performed diligently and to include.

**High Priority Recommendations**

3. Absence of risk register and risk treatment plans

- It is recommended for the country office to use appropriate methods of risk assessment and document its analysis and actions for mitigating risk. Guidance from the Enterprise Risk Management Unit can be requested, as needed.

4. Consultancy contracts

- The country office must follow IN/84 Rev.1 “Guidelines for Selection and Employment of Consultants” for an adequate administration of the Consultancy contracts. Terms of reference should be concise on the number of years of experience required for a respective post to ensure a transparent and fair recruitment process.

5. Vendor and staff accounts

- Follow-up should be done to resolve all long outstanding vendors.

6. Incomplete vendor files

- Update vendor files with the necessary supporting documentation, including signed code of conduct for vendors.

7. Information and Communications Technology risks

- Adherence to IN/123 Rev. 1, Section 12 Business Continuity Management Policy and Section 20 ICT Risk Management Policy, as well as IN/88 “ICT Standards and Guidelines” is necessary.

**Management comments and action plans**

Management was proactive in implementing a number of recommendations to date, and out the 20 internal audit recommendations, 18 have been assessed as implemented. Comments and any additional information provided have been incorporated into the report, where appropriate.

**Limitations on the Scope of the Audit**

Because of the concept of selective testing of data and inherent limitation of *remote* 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

### Definitions

IG opinion on the overall adequacy of the internal controls, governance, and management processes, based on the number of audit findings and their risk levels:

Descriptor	Guide
<b>Effective</b>	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.
<b>Partially Effective, Some improvements needed</b>	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.
<b>Partially Effective, Major improvements needed</b>	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.
<b>Ineffective</b>	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 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
<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.