



**EXECUTIVE SUMMARY**  
**INTERNAL AUDIT REPORT**  
**IOM PRETORIA**  
**ZA202101**  
**23 - 31 August 2021**

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

**Report on the Audit of IOM Country Office Pretoria**  
**Executive Summary**  
**ZA202101**

The IOM Office of the Inspector General (OIG) conducted an internal audit of Country Office IOM Pretoria, South Africa (the “Country Office”) from 23 to 31 August 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. Due to the limitation of a *remote* internal audit, the review was based on scanned copies of documents provided by the Country Office. 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 July 2019 to June 2021. The Country Office recorded the following expenses based on IOM financial records:

- July to December 2019 – USD 3,378,137
- January to December 2020 – USD 3,943,723
- January to June 2021 – USD 2,701,517

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.

**Key recommendations: Total = 40; Very High Priority = 1; High Priority = 14; Medium Priority = 22; Low Priority = 3**

### **Very High Priority Recommendation**

1. Procurement process
  - Fully document procurement procedures, as well as vendor screening and due diligence process, following IOM guidelines on procurement of goods and services.

### **High Priority Recommendations**

2. Organizational structure and assignment of tasks
  - The country office in coordination with the regional office should develop a formal and comprehensive matrix of roles and accountabilities aligned with staff's respective Terms of Reference.
3. Delegation of Authority Matrix and PRISM role assignment
  - Develop a formalized and comprehensive delegation of authority matrix covering relevant transactions requiring approvals that is aligned with the delegation of authority matrix format suggested by the regional office.
4. Risk management framework
  - Develop and formalize risk management guidelines following IOM guidelines on management of risks, including use of appropriate methods of risk assessment and documentation of mitigation plans.
5. Recruitment planning
  - Create a proper succession plan to ensure that the procurement unit is adequately staffed to support country office's operations.
6. Consultancy contracts
  - Strictly comply with IOM Guidelines for Selection and Employment of Consultants.
7. Bank management practices and e-banking
  - Review the existing bank management practices to ensure security and authorization of country office bank transactions.
8. Recording and monitoring of accounting transactions
  - Enhance the existing processes to ensure that accounting transactions are recorded timely, adequately supported, and approved in line with IOM guidelines.
9. Contract management for the transportation of migrants
  - Ensure that the person who signs on behalf of the Service Provider in an agreement is listed as part of the authorized personnel per the Vendor Information Sheet completed by that Service Provider.

10. Transportation of migrants and assets
  - Ensure timely completion of Vehicle Transportation of Persons and Transportation of Goods agreements.
11. Contract management with medical and cleaning services vendor
  - The country office should review all existing relationships with service providers and ensure they have valid contracts with IOM.
12. Asset Management
  - Perform monthly asset checks on selected locations to ensure assets on the floor are tagged, in good working condition and are assigned to the relevant staff.
13. Information and Communications Technology Risk register
  - Develop and formalize the Information and Communications Technology business continuity plan, Information and Communications Technology risk register, and treatment plans; plan and undertake a yearly simulation exercise, to test the Information and Communications Technology business continuity plan effectiveness.
14. Project ID Activation
  - Review the existing process on project activation and address gaps and root causes contributing to the delay. Expenses should not be incurred in the absence of an activated project ID unless exceptional approval was obtained from Accounting Division.
15. Submission of donor reports
  - Strengthen the donor reporting process and consider re-assessing the assigned roles vis-à-vis staff capacity and existing workflows.

#### **Management comments and action plans**

Management is in the process of implementation. 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 internal auditing, there is no guarantee that all matters of significance to IOM will be discovered by Internal Audit. It is the responsibility of Regional Office 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 Regional Office management to determine whether the areas the internal audit covered, and the extent of verification or other checking included are adequate for its 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.