EXECUTIVE SUMMARY

INTERNAL AUDIT REPORT

IOM REGIONAL OFFICE SOUTHERN AFRICA

ZA202102

1 - 13 September 2021

Issued by the Office of the Inspector General

Report on the Audit of IOM Regional Office Southern Africa
Executive Summary
ZA202102

The IOM Office of the Inspector General (OIG) conducted a*n* internal audit of Regional Office Pretoria in South Africa (the "Regional Office") from 1 to 13 September 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 Regional 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 Regional Office. Selected samples from the following areas were reviewed:

      a. Governance Management and administration
      b. Human Resources Management
      c. Programme and Operations
      d. Resource Management (Country Offices)
      e. Finance and Accounting
      f. Procurement and Contracting
      g. Information Technology

The audit covered the activities of the Regional Office from July 2019 to June 2021. The Regional Office recorded the following expenses based on IOM financial records:

      o July to December 2019 – USD 341,406
      o January to December 2020 – USD 340,169
      o January to June 2021 – USD 409,725

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, 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 = 35; Very High Priority = 2; High Priority = 11: Medium Priority = 20; Low Priority = 2

Very High Priority Recommendations:

1. Control environment
   o Ensure that a governance framework encompassing all processes is well established in the regional office, understood by all staff, implemented, and monitored for compliance.

2. Procurement risk management process
   o Fully comply with IOM guidelines on Procurement risk management process intended to identify and mitigate risks in the process.

High Priority Recommendations:

3. Consultancy contracts
   o Strictly comply with IOM Guidelines for Selection and Employment of Consultants.

4. Review and endorsement of concept notes and project proposals
   o Strictly comply with the mandatory requirements of using the project management system and the Project Handbook when it comes to project review and endorsement.

5. Management of regional programme
   o The regional office in coordination with Office of the Director General should review its programme and project management arrangements to ensure alignment with the regional office's mandate.

6. Resources management support to country offices
   o The regional office should strengthen its resources management support and ensure that assessment of internal control environment is periodically conducted so risks are timely mitigated.

7. Bank management practices and e-banking
   o The regional office in coordination with country office Pretoria should review and assess the existing bank management practices for purposes of securing regional office's bank transactions and to minimize the possibility of unauthorized payment.

8. Procurement policies/procedures
   o Draft and formalize standard operating procedures to support the procurement process.

9. Vendor screening and due diligence
   o Create a standard operating procedure on vendor screening and due diligence as well as evaluation of vendor performance.

10. Asset Management
    o In co-ordination with the country office, 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 to enable accurate update in the system.

11. Monitoring of mileage and fuel usage
    o Conduct training for the drivers on how to complete the logbooks and introduce monthly vehicle reports that will capture fuel consumption as well as monthly maintenance costs for each vehicle.

12. Vehicle logbook not provided
    o Ensure there are adequate controls over the safekeeping of vehicle logbooks.

13. Information and Communications Technology register
    o 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 evaluate the Information and Communications Technology business continuity plan effectiveness.

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
Effective	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.
Partially Effective, Some improvements needed	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.
Partially Effective, Major improvements needed	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.
Ineffective	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
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.