



## OFFICE OF THE INSPECTOR GENERAL

### Management Response and Actions Third-Party Contractors Audit File No. 3P202104

The IOM Office of the Inspector General (OIG) conducted an internal audit of the IOM's Third-Party Contractors from April to June 2021. The remote audit assessed the adequacy of the design and effectiveness of IOM's governance, risk management, and control processes in ensuring the efficient use of Third-Party Contractor services in the project/programme implementation or IOM office operations. The audit covered the activities of IOM Third-Party Contractors from January 2019 to February 2021. The results of the audit are public and can be accessed through IOM's global website<sup>1</sup>.

The overall opinion of the Third-Party Contractors management is ***Partially Effective, major improvements needed***, and the audit raised 16 findings and recommendations, of which 14 are very high and high priority. As of the date this summary is publicly available, 1 very high recommendation was assessed as implemented and closed while the remaining recommendations are in the process of implementation, as per updates provided by the auditee.

### Management Response and Actions to the Open Recommendations of the Internal Audit Report of 3P202104 – IOM Third-Party Contractors

#### Governance

#### **Finding No. 1 Roles and responsibilities in the overall management of Third-Party Contractors are not clearly established**

##### Implementation On-going

To be able to address this raised issue and audit recommendation, Supply Chain Division has prepared a term of reference for hiring of a consultant, who will assist with implementation of this recommendation. The term of reference and funding request were submitted to Department of Resource Management Director and Deputy Director General (Admin and Reform) for review and approval. Depending on the approval, we will be able to confirm and provide time frame for implementation. The copy of the terms of reference was shared to Internal Audit.

#### **Finding No. 2 Lack of institutional policies and procedures on Third-Party Contractors**

##### Implementation On-going

*Supply Chain Division:* In response to the concerns expressed in this audit recommendation, the Office of Staff Security shares the existing guidance documents which respond to any security concern. IOM

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<sup>1</sup>[https://www.iom.int/sites/g/files/tmzbdl486/files/inline-files/3p-executive-summary\\_third-party-contractors\\_0.pdf](https://www.iom.int/sites/g/files/tmzbdl486/files/inline-files/3p-executive-summary_third-party-contractors_0.pdf)

guidelines on the use of third-party contractor (November 2018); and Additional guidance for third-party contractor for the development of their security plans. As there is a lack of compliance to the existing guidance, Office of Staff Security recommends capacity building on these and other subjects to the Chief of Mission. A dedicated Security Training Specialist may assist in implementation of the recommendation.

To be able to address this raised issue and audit recommendation, Supply Chain Division has prepared a term of reference for hiring of a consultant, who will assist with implementation of this recommendation. The term of reference and funding request were submitted to Department of Resource Management Director and Deputy Director General (Admin and Reform) for review and approval. Depending on the approval, we will be able to confirm and provide time frame for implementation. The copy of the terms of reference was shared to Internal Audit.

*Office of Staff Security:* The Office of Staff Security had a constructive discussion last 8 June 2022 with the Consultant hired by Procurement and Supply Division. As discussed, Office of Staff Security will further work with the Consultant on guidance to ensure due diligence for contracting third-party contractor, which includes security support. The implementation of this recommendation is linked to the finalization of the work of the Consultant and the onboarding of a Security Policy Specialist. A realistic deadline would therefore be early next year.

**Finding No. 3 Review and approval process for the engagement of Third-Party Contractors needs strengthening**

*Implementation On-going*

To be able to address this raised issue and audit recommendation, Supply Chain Division has prepared a term of reference for hiring of a consultant, who will assist with implementation of this recommendation. The term of reference and funding request were submitted to Department of Resource Management Director and Deputy Director General (Admin and Reform) for review and approval. Depending on the approval, we will be able to confirm and provide time frame for implementation. The copy of the terms of reference was shared to Internal Audit.

Moreover, the recommendation is conditional to allocation of resources at Supply Chain Division to enhance the coordination process.

**Finding No. 4 Guidelines on the use of Third-Party Contractors need enhancement and the monitoring of its proper usage needs to be established**

*Implementation On-going*

**Finding No. 5 Absence of systems and tools for Third-Party Contractor tracking**

*Implementation On-going*

With the introduction of new purchase order types, this issue has been addressed and now Procurement and Supply Division is working on standard reporting and tracking solutions, which shall address this recommendation.



**Finding No. 6 Unclear and inconsistent instructions outlining the requirements for Third-Party Contractor employees and incoherent application across implementing Country Offices**

*Implementation On-going*

**Finding No. 7 Awareness on global long-term agreement of Third-Party Contractors and oversight on the use of the long-term agreement needs reinforcement**

*Implementation On-going*

To be able to address this raised issue and audit recommendation, Supply Chain Division has prepared a term of reference for hiring of a consultant, who will assist with implementation of this recommendation. The term of reference and funding request were submitted to Department of Resource Management Director and Deputy Director General (Admin and Reform) for review and approval. Depending on the approval, we will be able to confirm and provide time frame for implementation. The copy of the terms of reference was shared to Internal Audit.

Moreover, with the new tracking and reporting tool, Supply Chain Division will be able to do better monitoring and work with the country offices on third-party contractors' services standardization and possible usage of the global long-term agreement.

**Risk Management**

**Finding No. 8 Risk management related to Third-Party Contractors needs to be strengthened**

*Implementation On-going*

*Chief Risk Officer:* The Supply Chain Division colleagues are in the process of hiring a consultant to work on third-party contractors (including the risk management component). The consultancy intends to approach the third-party contractor's topic in a holistic approach, reviewing the current third-party contractor's policies and procedures, and—taking into consideration internal auditor report and independent research—to recommend policies, instructions, guidance, procedures and/or processes to address the audit observations by drafting relevant policies, guidance or other documents, as appropriate. Once the consultant has drafted the comprehensive documents and incorporated comments received on draft documents, IOM will fine-tune them internally through a consultation process. The consultant may be asked to update the draft guidance to reflect the results of the IOM's review. The end of the proposed assignment is July 2022. While there has been clarity on what needs to be done to close this audit recommendation, it is proposed to wait for the outcome of this comprehensive review with the identified consultant and revise the implementation date to July 2022.

**Operational Management**

**Finding No. 9 Lack of proper guidance and tools in performing Third-Party Contractors capacity assessment**

*Implementation On-going*

To be able to address this raised issue and audit recommendation, Supply Chain Division has prepared a term of reference for hiring of a consultant, who will assist with implementation of this recommendation. The term of reference and funding request were submitted to Department of



Resource Management Director and Deputy Director General (Admin and Reform) for review and approval. Depending on the approval, we will be able to confirm and provide time frame for implementation. The copy of the terms of reference was shared to Internal Audit.

**Finding No. 10 Gaps in the tender process and issues in the selection of Third-Party Contractors under the global long-term agreement**

*Finding Closed*

This will be reviewed during overall enhancement review and follow up on the recommendations, while actual implementation will take place during Global long-term agreement renewal in 2023.

**Finding No. 11 Absence of appropriate framework to support the monitoring of Third-Party Contractors and Third-Party Contractors employees' performance**

*Implementation On-going*

To be able to address this raised issue and audit recommendation, Supply Chain Division has prepared a term of reference for hiring of a consultant, who will assist with implementation of this recommendation. The term of reference and funding request were submitted to Department of Resource Management Director and Deputy Director General (Admin and Reform) for review and approval. Depending on the approval, we will be able to confirm and provide time frame for implementation. The copy of the terms of reference was shared to Internal Audit.

**Gaps in the tender process and issues in the selection of Third-Party Contractor under the Global long-term agreement**

*Finding Closed*

This will be reviewed during overall enhancement review and follow up on the recommendations, while actual implementation will take place during Global Long-Term Agreement renewal in 2023.

**Finding No. 12 Need to strengthen contract administration associated with Third-Party Contractors services**

*Implementation On-going*

To be able to address the raised issue and audit recommendation, Supply Chain Division has prepared a term of reference for hiring of a consultant, who will assist with implementation of this recommendation. The term of reference and funding request were submitted to Department of Resource Management Director and Deputy Director General (Admin and Reform) for review and approval. Depending on the approval, we will be able to confirm and provide time frame for implementation. The copy of the terms of reference was shared to Internal Audit.

**Established grievance procedures involving Third-Party Contractor employees need reassessment**

*Implementation On-going*

To be able to address the raised issue and audit recommendation, Supply Chain Division has prepared terms of reference for hiring of a consultant, who will assist with implementation of this recommendation. The terms of reference and funding request were submitted to Department Resource Management Director and Deputy Director General (Admin and Reform) for review and



approval. Depending on the approval, Supply Chain Division will be able to confirm and provide time frame for implementation. Enclosed is a copy of the terms of reference.

**OIG - Internal Audit Comment :**

**Internal Audit apprehends the coordinated effort for addressing the recommendations and will continue to closely monitor the status of the progress.**