

STANDING COMMITTEE ON PROGRAMMES AND FINANCE

Twenty-third Session

**REPORT ON THE WORK OF THE
OFFICE OF THE INSPECTOR GENERAL**

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Introduction

1. The Office of the Inspector General submits an annual report to the Standing Committee on Programmes and Finance. The present report provides an overview of the activities of the Office, including evaluations, internal audits, investigations and inspections, for the period from 1 July 2017 to 30 June 2018.

Mandate and strategies of the Office

2. The purpose, authority and responsibilities of the Office are set out in the Charter of the Office of the Inspector General. The Office contributes to oversight at IOM through its evaluation, internal audit, investigation and inspection functions. As part of its assurance mandate, the Office determines whether the objectives of IOM are pursued efficiently and effectively and in compliance with the Organization's regulations, rules and expected results. It also provides the Administration with consulting and advisory services on organizational issues and policies, and conducts independent reviews.

3. The Office carries out its internal audit function in general conformance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and its investigation function in alignment with the Uniform Principles and Guidelines for Investigations endorsed by the Conference of International Investigators. It performs evaluations in accordance with the Norms and Standards for Evaluation of the United Nations Evaluation Group, and with other guiding principles established by the Group concerning the conduct of evaluations.

4. To share knowledge and experience relating to evaluations, internal audits and investigations, with a view to following up on new developments and incorporating best practices and lessons learned into the policies, procedures and processes of the Office, its staff participate in the following networks: the United Nations Evaluation Group, the United Nations Representatives of Internal Audit Services and the United Nations Representatives of Investigation Services.

Statement regarding the operational independence of the Office

5. The Office of the Inspector General independently determined its programming and scope of work based on its Charter, performed its work and communicated results during the reporting period. However, resource constraints led the Office to rely on funding from external donors and from operational units to cover core activities. The Inspector General is of the opinion that a prolonged dependence on funding from internal operational units may have an impact on the independence of the Office.

Summary of activities during the reporting period

6. Table 1 summarizes the activities carried out by the Office from 1 July 2017 to 30 June 2018. (For more details on the work of each function, see the separate sections below.)

Table 1: Breakdown of activities

Internal audit		Investigation	Evaluation	Project reviews
Number of audit engagements completed	Number of advisory services provided	Number of cases handled	Number of central evaluations completed	Number of project performance reviews completed
38	2	162*	6	5

* Comprising 83 cases that were closed and 79 cases that were under investigation (see Table 5).

7. In addition to the above, one inspection was carried out to review project operations in a Country Office.

8. Staff from the Office of the Inspector General participated in external and internal forums as speakers or trainers on various occasions and also provided input for various training programmes.

9. On three separate occasions, the Inspector General, the Head of Evaluation, the Head of Internal Audit and the Chief Investigator held reporting sessions with the Audit and Oversight Advisory Committee to assess how Office performance and strategy compared with plans and expected outcomes.

Office structure and resources

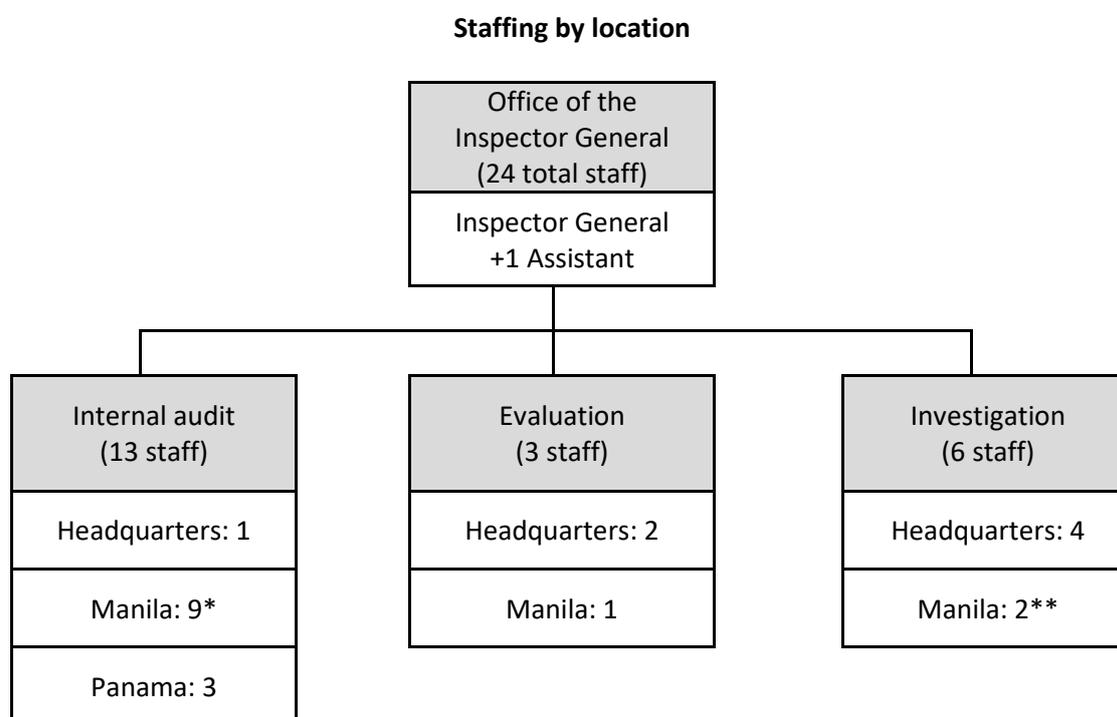
10. Table 2 summarizes the staffing levels approved in the 2016, 2017 and 2018 Programme and Budget.

Table 2: Approved staffing

	2016	2017	2018
Inspector General	1	1	1
Internal audit*	12	12	12
Investigation*	4	4	6
Evaluation	3	3	3
General Service support staff	2	2	2
Total	22	22	24

* Including international and national officials.

11. The Office has staff in three locations: Headquarters, the Manila Administrative Centre and the Panama Administrative Centre (see figure below).



* Including one position for which recruitment was ongoing (completed at the beginning of September 2018).

** Including one position for which recruitment was ongoing (to be completed shortly).

12. During the reporting period, the Office engaged investigation consultants to support all of its investigations; these consultants provided 397 work days of service. In addition, the Office hired an investigation firm to conduct a specialized investigation. The overall combined cost of the investigation consultants and the firm amounted to USD 228,662.

13. Two additional evaluation staff were recruited during the reporting period through specific programme-funded posts.

14. In December 2017, the Chief Internal Auditor was appointed to the position of Inspector General, while the recruitment of his successor and the location of the position were still to be determined. At the beginning of September 2018, the new Head of Internal Audit was appointed and the position moved to the Manila Administrative Centre.

15. Upon the recommendation of the Audit and Oversight Advisory Committee, a cost–benefit analysis of the Office of the Inspector General, including a consolidation plan, is currently under way. A comprehensive report is expected to be submitted to the Director General in early November 2018.

Evaluation

16. The Organization’s central evaluation function continued to reinforce a culture of evaluation in IOM, offering expert advice and technical guidance to IOM Field Offices and Headquarters on monitoring and evaluation matters. The three-year Monitoring and Evaluation Strategy (2018–2020) to promote and support an effective and decentralized approach to evaluation and to enhance capacity and learning on monitoring and evaluation was finalized.

17. The Office manages a monitoring and evaluation network, which grew from 95 staff at the end of the previous reporting period to 206 staff, located in 72 countries. Through this network, the Office continued to organize webinars and published material and guidance to share good practices in monitoring and evaluation. It also continued to strengthen monitoring and evaluation in the IOM results-based management approach.

18. The Office developed and launched a training package on evaluation to train staff on conducting evaluations and to build a roster of internal evaluators. A pilot session was organized in December 2017 at Headquarters and the first training exercise was conducted in June 2018, co-organized with the Regional Offices in Bangkok and Vienna. The training package is available in the three official languages.

19. Online facilitator-led training on monitoring and evaluation, with extensive coverage of technical approaches, is being finalized and will be launched in the second half of 2018. The training will also be available in the three official languages.

20. The Office continued to carry out its evaluations as per its biennial evaluation workplan for 2017 and 2018. During the reporting period, six evaluations were carried out. The Office also conducted five project performance reviews as per its annual workplan covering the period from July 2017 to June 2018.

21. Working with the Gender Coordination Unit, the Office jointly prepared the guidance note entitled *Guidance for Addressing Gender in Evaluations*, with the view to reinforcing the inclusion of gender analysis in evaluation. The Office reviewed the evaluations conducted in 2017 in line with the reporting process of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women, and provided a report to the Gender Coordination Unit.

22. Evaluation staff members continued their quality control of internal and external evaluations. Twenty-seven decentralized evaluations (12 external and 15 internal evaluations), in addition to the six aforementioned evaluations conducted by the Office, were added to the evaluation webpage (www.iom.int/evaluation).

23. Eight of the nine Regional Offices have Regional Monitoring and Evaluation Officers, who work in close cooperation with the Office of the Inspector General. Virtual meetings are organized on a regular basis to strengthen collaboration, define a common course of action and learn from each other's experiences.

24. The training initiatives mentioned above were implemented thanks to funding received from the Government of Sweden and the UK Department for International Development and to financial support from the IOM Development Fund and the Talent Management Unit, including for the recruitment of two additional members of staff. Projectization of staff costs was also used to complement this funding to carry out two evaluations, funded by the Department of Operations and Emergencies and the Office of the Director General.

Internal audit

25. To provide assurance on the Organization's internal control, governance and risk management processes, the Office conducts audits of various organizational units and processes, including Field Offices, Regional Offices, Headquarters divisions and units, and organization-wide systems and processes. It informs both the Director General and the Audit and Oversight Advisory Committee of its annual audit workplan, which is based on a detailed risk assessment.

26. During the reporting period, internal audit staff completed 35 assurance audits of IOM offices (18 in Africa and the Middle East, 8 in the Americas, 7 in Europe and 2 in Asia and Oceania) and three systems and process audits, in relation to the treasury function, the donor reporting process and the Migration Health Assessment Programme. In addition, two advisory engagements for IOM management were completed.

27. In collaboration with the Gender Coordination Unit, the Office continued to use a phased approach to including gender markers and compliance in institutional policies by developing dedicated gender audit programmes. In November 2017, IOM internal audit staff were invited to present the Organization's gender audit achievements as good practices within the United Nations system at the annual meeting of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women, which took place at the World Health Organization in Geneva. The presentation showed how auditors play a key role in highlighting the importance of gender considerations in auditing, through field exposure, recommendations and addressing questions.

28. The funding received from the Government of Sweden enabled the Office to acquire new audit management software which has integrated critical audit milestones and streamlined audit planning, fieldwork and reporting cycles. The additional funding also enabled the internal audit function to be further supplemented with technical experts to support complex audit engagements. Further capacity-building initiatives took place through dedicated training on protection from sexual exploitation and abuse and attendance at expert seminars conducted by the Institute of Internal Auditors.

29. Table 3 provides a breakdown of internal audit recommendations – both open and closed – by risk category, including those with a very high and high risk classification, during the reporting period.

Table 3: Internal audit recommendations by category

Risk category	Number of recommendations	
	Total	Very high and high risk classification
Management and administration	129	59
Personnel	106	22
Finance and accounting	129	56
Procurement and logistics	93	34
Contracting	34	18
IT	17	4
Programmes and operations	48	20
Other (systems and processes)	17	9
Total	573	222

30. The Office also noted in selected locations some situations where audited areas in challenging and emergency settings led to low ratings in audit results. The volatile and fragile environments in which some IOM operations are implemented, and their impact on stress levels among personnel, have continued to have an adverse effect on the robustness of the internal controls applied.

31. A finding that is substantially similar in nature to one that was identified in consecutive audits and identified during any other audit (globally) within the reporting period due to the same issue/root cause is considered a recurrent finding. Recurrent findings are typically considered to present a very high to high risk and require significant management attention. The recurrent findings and main areas for improvement revealed during the reporting period were consistent with the annual audit risk assessment results and previous reports.

32. Below are the main recurrent audit findings under this section:

- (a) **Deficient segregation of duties and absence of a current delegation-of-authority matrix.** This is often coupled with deficient resource management structures, the absence of risk management plans or the performance of inadequate risk assessments, in particular in highly complex operations.
- (b) **Weaknesses in human resources management** continue to be identified, predominantly in internal audit reviews, the majority of which reflect the need for improved personnel file management (i.e. proper documenting of issues pertaining to individual staff members). Identified failings included missing documents and/or inappropriately filed medical examination records. Furthermore, in many instances, multiple shortcomings were observed in payroll controls, including the absence of monthly payroll reviews, miscalculations and missing Compensation Plan contributions. There remain instances where the terms of reference do not reflect the actual duties and responsibilities assigned to staff. Lastly, compliance with the Staff Evaluation System remains weak in several locations.
- (c) **Inconsistencies in financial management** were identified in several audit findings. In particular, instances of old outstanding items in cost centre or vendor balances remained an identified recurrent issue, together with instances of ineffective assignment of PRISM roles, resulting in inadequate segregation of duties.
- (d) **Suboptimal application of procurement rules** continued to be a major issue of concern. The frequency with which this issue occurred appears to indicate a widespread lack of understanding of how the rules help to improve efficiency and lower costs in individual Country Offices. In many instances, audit findings related to the absence of fully documented procurement processes and the inefficient use of PRISM to register and monitor procurement milestones. Asset management continued to be mentioned in audit reports predominantly in the context of absent or deficient insurance policies, and poor inventory management coupled with poor use of PRISM dedicated modules.
- (e) **Delays in project implementation and reporting.** This often leads to project underspends or overspends. Frequent requests for no-cost extensions are indicative of poor project design and planning, with unrealistic implementation timelines vis-à-vis recruitment of project personnel and orderly procurement of goods and/or services. No-cost extensions and persistent delays in donor reporting pose a reputational risk for IOM in terms of it being considered an agency that can be trusted by donors to deliver on time and within budget. With regard to no-cost extensions, value-for-money considerations come into play since funds originally allocated to operational activities are instead used for staff and office cost budget lines.

- (f) **Inconsistent application of IT procedures, policies and guidelines.** This included inadequate back-up procedures, IT equipment that was overdue for replacement and failure to apply the policy requiring staff to change their passwords on a regular basis. In some instances, inadequate IT staffing or support was observed.

33. The internal audit function continued efforts to systematically monitor and follow up on outstanding recommendations. There was a significant decrease in the number of outstanding recommendations compared with the previous reporting period. Table 4 shows the number of overall open findings and recommendations, by priority, until 30 June for the current and the two previous reporting periods. Implementation timelines for low priority findings are addressed and agreed with the auditee during the fieldwork phase of the audit.

Table 4: Outstanding recommendations by level of priority (as at 30 June)

Year	Very high	High	Medium	Total
2016	–	21	33	54
2017	7	99	153	259
2018	15	76	129	220
Total	22	196	315	533

34. As part of the follow-up to the internal audit of IT network vulnerability carried out in 2016 at the Manila Administrative Centre, the Panama Administrative Centre and Headquarters, the internal audit function engaged with the Information and Communications Technology Division to further develop audit programmes dedicated to IT management. Initiatives in this area included engaging the services of an IT expert who worked as a guest auditor.

35. Steps were taken to proceed with the public disclosure of internal audit report summaries, which are currently available on a dedicated website.

Investigation

36. The Office's investigation function is responsible for conducting independent and objective oversight activities to protect the integrity and improve the efficiency and effectiveness of IOM operations; it also detects and deters fraud, waste and abuse by conducting investigations.

37. The investigation function is currently composed of six fixed-term staff and two special short-term personnel. In addition, it is supplemented by the services of nine investigation consultants. Of this consultant group, six lead and conduct investigations, two provide home-based support and one provides translations into Arabic.

Case management

38. A total of 268 cases were handled by investigation staff members during the reporting period. Table 5 provides further details of the caseload handled during the reporting period.

Table 5: Investigation caseload

Status of investigations	Number of cases
Cases under investigation – carried over from previous period	58
Cases undergoing assessment – carried over from previous period	43
Total cases carried over from previous period	101
Cases received during reporting period	167
Total cases carried over and received	268
Cases closed – post assessment	(24)
Cases closed – referred to other IOM offices (e.g. HRM, Field Offices, the Ombudsperson,)	(9)
Cases closed – directly referred to LEGHR	(9)
Cases closed – substantiated with an investigation report and referred to LEGHR	(20)
Cases closed – investigation conducted and case unsubstantiated	(21)
Total cases closed	(83)
Cases under investigation – in reporting period	79
Cases undergoing assessment – in reporting period	106*
Total cases under investigation or undergoing assessment	185

* Cases being assessed to determine whether investigation is warranted.
HRM: Human Resources Management Division; LEGHR: Human Resources Legal Issues Division.

39. Forensic and data analysis was a critical component of all investigations. The Office anticipates that computer forensics will continue to be a significant factor in future investigations.

40. In 2018, the External Auditor of IOM noted that the staffing positions in the Office of the Inspector General to handle investigations were inadequate and that the Office did not have automated caseload management analytical tools to provide timely information on the case analysis and analytical results of previous investigations. The External Auditor recommended that IOM management look at resource needs, in terms of staffing and tools, to enhance its investigation capacity, efficiency and strategic reach to enable the Office to adopt a preventive approach instead of the reactive approach in handling wrongdoing (see Report of the External Auditor, S/22/CRP/1).

41. Based on the above recommendation made by the External Auditor, the Office of the Inspector General submitted a request for an increase in investigative resources to the Office of Director General as part of the 2019 budget preparation process.

42. A phased strategic approach to address investigation capacity is currently under way, encompassing system tools and human resources.