STANDING COMMITTEE ON PROGRAMMES AND FINANCE

Twenty-ninth Session

FIFTH UPDATE ON THE APPLICATION OF THE INTERNAL GOVERNANCE FRAMEWORK

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Introduction

1.   This report provides an update to the information provided by the Administration to the Twenty-eighth Session of the Standing Committee on Programmes and Finance on its progress in applying the IOM Internal Governance Framework (IGF) (document S/28/INF/1).

2.   As stated in a report to the Standing Committee's Twenty-fifth Session (document S/25/INF/1), the Administration is committed to a dialogue with Member States regarding the progress made in applying the Framework, as well as funding needs and priorities, as appropriate. The Administration will continue to report on progress made in this regard, including key achievements, at each session of the Standing Committee.

3.   This report follows the structure of the IGF Workplan (*Application of the Internal Governance Framework Work Plan)* to simplify and standardize the reporting process, which will also facilitate monitoring of progress. As such, this report is presented using the four workstreams:

(a)   Workstream 1: Foundational components

(b)   Workstream 2: Strengthening existing business processes

(c)   Workstream 3: Business Transformation (including the introduction of a new enterprise resource planning system)

(d)   Workstream 4: Internal justice

Recent key achievements

4.   Application of the initiatives contained within the IGF Workplan continues to support improvements in accountability, operating efficiencies and responsiveness, transparency, and consistency and harmonization at IOM. Through implementation of the IGF reforms, IOM as an institution will be better able to meet the needs of migrants and beneficiaries, and realize the core objectives of the IOM Strategic Vision 2019–2023. Individually, these achievements represent an incremental improvement across a number of key areas identified as being in need of strengthening during both internal and external reviews. Collectively, they reinforce one another and improve the way in which IOM serves migrants through its extensive and complex programme of work.

5.   This section outlines a selection of recent key achievements and does not reflect the full scope of work. A comprehensive implementation report will be provided to Member States at the end of 2021.

(a)   Workstream 1: Foundational components

Work item 1.6: Change management

6.   A change management strategy has been developed to chart the way forward for an institutional-level approach to support delivery of the IGF. This strategy – which has been reviewed and validated by key stakeholders – reflects the change readiness and impact assessments and consultations carried out among staff at Headquarters, the administrative centres, and the regional and country offices in late 2020 and early 2021. It stresses the importance of a people-centric approach in which staff are given the necessary tools and resources to empower them in the workplace. The Administration will apply this strategy to support the reform process, notably through increased communication, training and organizational alignment.

Work item 1.7: Delegation of authority

7.   In parallel to the change management strategy, a new delegation of authority policy and structure have been developed and are currently under review to identify the best course of action for IOM's organizational needs. The policy was developed following a pilot study in five areas (procurement, project endorsement, recruitment, contracting and travel), which involved identifying decisions at the process level and categorizing pain points. The aim is to improve the Organization's responsiveness and agility by clarifying reporting lines, roles and responsibilities, and establish sound compliance mechanisms to ensure accountability. The policy will also support the formulation of an updated internal control framework that will feed into the design of the new enterprise resource planning system.

Work items 1.9.1–1.9.4: Risk management

8.   IOM and the Office of the United Nations High Commissioner for Refugees, under the auspices of the cross-functional task force on risk management of the High-level Committee on Management (HLCM), co-led the development of a guidance note entitled Managing Risks in the Field and Decentralized Organizations (CEB/2020/HLCM/21). The recommendations were formulated with input from 12 organizations working at over 40 different duty stations and regional offices. The document provides guidance on effective risk management and reviews emerging practices, structures and models in the context of field operations or decentralized organizations. There was a special focus on capturing best practices and lessons learned across the United Nations system in response to the global Covid-19 pandemic in order to share risk management experiences. One example of best practice was the establishment of crisis management teams at both the headquarters and field levels to manage critical risks and risk incidents, staff health and wellbeing, operational and programmatic continuity, and the provision of services to partners.

9.   To ensure effective enterprise risk management over time, the Office of the Inspector General performed an assurance review of the IOM risk management function, its framework and activities in the first quarter of 2021. The assessment encompassed aspects such as governance, framework and policy, process and integration, and the effectiveness of available systems and tools. According to the Reference Maturity Model for Risk Management (CEB/2019/HLCM/25) developed by the HLCM cross-functional task force on risk management, IOM's current level of maturity is "developing". Key areas to be strengthened as highlighted in the review include the organizational structure and reporting lines of the risk management function, and the roll-out and integration of risk management systems into regional and country structures. IOM is currently addressing these issues with a view to improving its maturity level in the coming year.

(b)   Workstream 2: Strengthening existing business processes

Work item 2.1.2: Forecasting and cost allocation tool

10.   IOM is enhancing its capacities with the aim of producing more accurate and forward-looking budget forecasts and improving planning cycle processes. The roll-out of SAP Analytics Cloud, which is due to take place in several phases from the fourth quarter of 2021, will enable IOM to accurately forecast staff and office costs at the mission level based on the current staff structure and anticipated future needs. The tool will also improve data input and facilitate the generation of reports through the use of a single data source, thereby streamlining budget processes and allowing office sustainability analyses to be performed more frequently.

Work items 2.3.1–2.3.5: Robotic processing automation and other Treasury Division tasks

11.   The robotic process automation (RPA) software is now fully operational at Headquarters. This software allows tasks such as bank statement analysis, and data sorting and correction to be automated, thereby eliminating repetitive manual tasks. The processes went live in July 2021 for a first group of missions and will be implemented in all missions by December 2021. RPA has optimized resources by enabling staff to focus on higher-value tasks and reducing the turnaround time for payment requests. It constitutes a scalable resource that can also be used to process payments, and which will allow IOM to reduce the number of relationships it has with smaller banks, thus reducing the associated costs. Importantly, it has significantly reduced IOM's financial risks by using automated processes to eliminate human interventions which can be the source of error or fraud.

12.   Other work items – namely the Headquarters bank charges review and analysis, the IOM transaction counterparty credit risk evaluation, the risk identification and measurement of the financial exchange risk impacts on the IOM balance sheet, and the global bank master data project – are functionally complete. The deliverables included an impact analysis for new bank data usage in each office, the configuration of SAP to enable automatic payments, and the creation of a risk matrix and associated mitigation measures to reduce counterparty risk exposure.

Work item 2.10.3: Due diligence policy instruction

13.   IOM is finalizing its due diligence policy, which will apply to engagement with private sector donors and partners across country offices, regional offices and Headquarters. The policy will ensure that the Organization does not expose itself to conflicts of interest or reputational risks when receiving funds or engaging in partnerships with the private sector. It will further ensure that engagement is aligned with existing IOM policies and programmes as well as the United Nations Sustainable Development Group Common Approach to Prospect Research and Due Diligence for Business Sector Partnerships.

(c)   Workstream 3: Business Transformation (including the introduction of a new enterprise resource planning system)

14.   The preparation phase has been launched to select the enterprise resource planning platform(s) that will underpin the delivery of the Business Transformation and future support models. The request for proposal process is under way and due to be completed by the end of 2021, which will allow IOM to start implementing solutions as scheduled in early 2022.

15.   Progress is being made with other preparation activities, including implementation of the "quick wins" identified during the foundation phase, the strengthening of human resources within the Business Transformation project team for the next phase, and definition of the data migration and archiving strategy. The Administration continues its outreach to Member States to secure funding for this transition to a new enterprise resource planning system and gratefully acknowledges both the unearmarked and softly earmarked funding provided to date.

(d)   Workstream 4: Internal justice

Work item 4.1: Review and strengthening of IOM internal justice system

16.   The number of cases handled by the investigation function of the Office of the Inspector General has continued to increase, reflecting a stronger culture of accountability, integrity and transparency within IOM. Between 1 September 2020 and 31 August 2021, a total of 953 cases were handled by the investigation function, as compared to 852 during the previous reporting period (which

covered 14 months rather than the standard 12 months). The backlog of cases reported in previous periods has been addressed. None of the cases in Intake predates April 2021 and only 19 cases under investigation predate 2020. During the reporting period, 130 reports to the Office of Legal Affairs for consideration of disciplinary action were produced, as compared to 134 during the previous reporting period, reflecting an increase of 13 per cent when taking into account the change in reporting period.

17.   The number of allegations received rose to 979 as compared to 715 during the previous reporting period, which can be seen as an indicator of a functioning internal accountability system. In addition, the number of investigations concluded increased significantly from 63 to 180, in spite of the difficulties and health risks posed by the COVID-19 pandemic. The investigation function fielded 25 missions to 18 locations. Although the number of allegations received increased by almost 60 per cent, the number of open cases at the end of the reporting period grew by only 31 per cent, from 213 to 239.

18.   The investigation team has achieved a high level of efficiency by training new team members, streamlining processes, introducing new systems and addressing the backlog of cases. Although IOM has considerably fewer investigation staff members than comparable organizations, the number of allegations and other demands on the service – notably time-consuming stakeholder reporting requirements – continues to grow, as do anticipated future funding needs.

Conclusion

19.   The Administration is fully committed to the continued dialogue with Member States on the application of the IGF. It commends Member States for their continued involvement, in particular those that have provided unearmarked or softly earmarked contributions for this purpose. The Administration will provide another update on the application of the Framework at the Thirtieth Session of the Standing Committee on Programmes and Finance in 2022.