

STANDING COMMITTEE ON PROGRAMMES AND FINANCE

Thirty-first Session

REPORT OF THE IOM AUDIT AND OVERSIGHT ADVISORY COMMITTEE

ACTIVITIES FROM SEPTEMBER 2021 TO AUGUST 2022

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Summary of observations

1. In its second year in office, the Audit and Oversight Advisory Committee continues to enhance its understanding of IOM's operations, strategies and challenges through in-depth discussions with members of senior management and relevant functions within the Organization. Its work over the past year has focused on the strategic direction of IOM, notably in relation to new units and reporting lines.
2. The Committee covered various thematic areas during the reporting period, making recommendations to the Director General on possible improvements where applicable.
3. Communication with IOM senior management was open, constructive and informative.

Committee membership

4. There were no changes in the Committee's composition during the reporting period. However, the Chairperson and Vice-Chairperson roles are rotated on an annual basis; the current holders of the positions were appointed in March 2022. The Committee members are as follows:
 - Jorge da Silva (Brazil), Chairperson
 - Amiri Abdallah (Uganda), Vice-Chairperson
 - Gerardo Carstens (Mexico)
 - Ayesha Siddiq (Pakistan)
 - Silke Waterstraat (Switzerland/Germany)

Committee meetings and activities

5. During the reporting period:
 - The Committee met with the Director General and IOM senior management virtually on 20, 21 and 22 October 2021.
 - The Chairperson and Vice-Chairperson of the Committee met virtually with the External Auditors in December 2021.
 - A second virtual meeting between the Committee, the Director General and senior management was held on 9, 10 and 22 February 2022.
 - The Committee met the Director General and senior management at IOM Headquarters on 31 May and 1 June 2022.
 - The Committee also held several internal meetings virtually.
6. As per its established mandate, the Audit and Oversight Advisory Committee reviews and provides insights on the broader aspects of good governance: risk management, internal controls, internal audit, ethics, organizational structure, and various financial and non-financial processes.
7. The Committee developed an annual workplan for 2022 to ensure appropriate coverage of the topics included in its terms of reference. This workplan was shared with the Executive Office prior to implementation.

Office of the Inspector General

8. Discussions took place with the Inspector General and his direct reports in relation to both functions of the Office, namely internal audit and investigation.

Internal audit

9. The independent external quality assessment of the internal audit function was completed successfully. Given the high priority assigned to this exercise, the Committee discussed the overall process with the Head of Internal Audit and the Inspector General in advance of the assessment. Key observations were then shared with the Committee, including the final results and the actions required to ensure general compliance with the International Standards for the Professional Practice of Internal Auditing.

10. The internal audit function has been piloting the concept of agile auditing as a means of providing extensive coverage of projects within a country office and responding to its needs. The Committee has been following the roll-out of these agile audits and endorsed the inclusion of three additional pilot audits in the 2022 annual audit plan.

11. The Committee recommends that, given its knowledge of the Organization, the internal audit function enhance the use of advisory engagements, in addition to assurance reviews, to provide added value and timely insights to senior management during this period of transformation for IOM. The internal audit function should also strive to participate in initiatives associated with organizational governance.

Investigation

12. The Deputy Inspector General kept the Committee abreast of IOM's ongoing caseload of investigations. The Committee was pleased to meet the new Chief of Investigations and looks forward to future discussions on this important topic.

Risk management

13. The Committee supports the vision and plans of the Chief Risk Officer to embed risk management into IOM's operations and decision-making processes, including the strategy to gradually operationalize risk management in the field as part of the implementation of the new risk management framework and policy.

14. The Committee reviewed and provided feedback on the new risk management framework and policy, as well as on the roll-out of the risk management information system. It continues to encourage the completion of risk registers, which is expected to improve with the implementation of the new framework.

15. The continued involvement and support of the Director General in enhancing the risk management practices of the Organization will contribute to addressing the improvements needed in this area.

Treasury

16. The Committee, together with the Chief of Treasury and a senior team member, agreed on a 2022 workplan covering treasury-related topics raised at the sessions of the Standing Committee on Programmes and Finance in 2021, as well as further items of relevance for the Committee in accordance with its terms of reference. The workplan contains review and discussion activities on the following topics: IOM's current investment policy, the segregation of duties in IOM's Treasury Division in terms of front-to-back processes, the review and further development of the performance and risk metrics of the investment portfolio, and potential enhancements to the Treasury report.

17. The Treasury workplan is on track and due to be completed by the end of the year. Review and discussion work is performed by an individual Committee member together with the Chief of Treasury and a senior team member. The Committee receives regular updates on the progress of the Treasury workplan.

External Auditors

18. The Committee Chairperson and Vice-Chairperson met virtually with the External Auditors to discuss areas of common interest and to ensure the ongoing coordination of their respective activities.