

33rd SESSION - STANDING COMMITTEE ON PROGRAMMES AND FINANCE

AGENDA ITEM 7

PROGRESS REPORT ON THE IMPLEMENTATION OF THE EXTERNAL AUDITOR'S RECOMMENDATIONS

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Audits of IOM

The External Auditor audits the accounts of the Organization in accordance with the principles set out in the Annex to the Financial Regulations and with such other directives as the Council may decide.

- **Certification Audit**

Provide assurance that the accounts and underlying financial transactions are free from material error and/or misstatements and comply with IOM's Financial Regulations and IPSAS.

- **Performance Audit**

Select specific performance audit topic yearly taking into account various IOM operations or activities, the risk factors, and efficiency measures among other considerations.

- **Compliance Audit**

Examine whether the activities of IOM are in accordance with the relevant laws, regulations and authorities that govern the Organization. This undertaking reviews the Administration's accountability for its actions and good governance.

Annual External Audit scope

Audits	2016	2017	2018	2019	2020	2021	2022
	External Auditor	External Auditor	External Auditor	External Auditor	External Auditor	External Auditor	External Auditor
Certification	Ghana Audit Service	Ghana Audit Service	Ghana Audit Service	Ghana Audit Service	Ghana Audit Service	Ghana Audit Service	Ghana Audit Service
Performance	Business Continuity Plan	Air Ticket Management	Procurement	Medical Claims	Account Receivable Management	IOM Pension Management	Field Payroll Operations
Compliance	Canada	Austria (RO)	Burundi	Bangladesh	Afghanistan	Brazil	Algeria
	China	Cameroon	Denmark	Belgium (CO)	Central African Republic	Chad	Australia
	Japan	Côte d'Ivoire	Finland	Bosnia and Herzegovina	Costa Rica	Democratic Republic of Congo	Burkina Faso
	Thailand (CO & RO)	Lebanon	Italy	Germany	Iraq	Ecuador	Guatemala
	United States of America (2 locations)	Nigeria	Libya	Ghana	Mozambique	El Salvador	Guinea
		Uganda	Morocco	Mali	Myanmar	Greece	Honduras
		Ukraine	Poland	Philippines (CO)	Niger	Mexico	Kosovo
		United Republic of Tanzania	Romania	Serbia	Pakistan	Sri Lanka	Malaysia
			Senegal	Turkey	South Sudan	Sudan	Micronesia
					Yemen	Vietnam	Spain

Recommendations Overview - Management comments

Recommendations outstanding are mainly due to:

- Certification: higher number of long-term strategic recommendations include.
 - e.g. Internal Governance Framework, Institutional Resource Mobilization Strategy, Statement of Internal Control, Cybersecurity and BT project.
- Compliance: operational recommendations following the auditors audit on site with chosen Missions.
- The implementation timeline of some recommendations is impacted by the on-going ERP replacement.
 - This include the 2023 performance audit regarding the Field Payroll operations, as IOM is rolling out its Global Payroll.

Outstanding Recommendations

	Audited financial year						Total
	2017 and prior year S/24/CRP/1*	2018 S/26/CRP/1*	2019 S/26/CRP/1*	2020 S/28/CRP/1*	2021 S/30/CRP/1*	2022 S/32/CRP/1*	
Number of recommendations made	181	35	56	38	35	57	402
Implemented Recommendations	177	33	56	37	30	30	363
Outstanding at the current update	4	2	0	1	5	27	39

Recommendations are addressed by management as soon as received and implemented in priority by the relevant IOM Department/Mission to ensure continuous improvement.

Outstanding Recommendations – Regional View

	Outstanding Recommendations by Category and Region						
	Global	Africa	Americas and the Caribbean	Asia	Middle East	Europe and Central Asia	Total
Certification	16						16
Performance	2						2
Compliance		4	8	7	1	1	21
Outstanding at the current update	18	4	8	7	1	1	39

Outstanding Recommendations – Certification audit

16 recommendations in progress

Certification audit recommendations pertain to the continuous improvement of the Organization governance and management in relation with the optimization of the organization structure, roles and responsibilities, accountability, internal coordination and oversight.

The new Management Team is currently implementing these recommendations.

Certification audit Recommendations are related to the optimization of accounting, treasury and HR processes as well as financial and management reporting to support efficiency gains.

These improvements are currently developed with the goal to finalize implementation in the new ERP in 2024.

Certification audit Recommendations are focusing on Infrastructure Technology (IT) for IOM to ensure that up-to-date IT security is in place and that infrastructure is upgraded where needed.

These improvements are currently being implemented or planned, as impacted by the new ERP implementation.

Outstanding Recommendations – Performance audit

2 recommendations in progress:

- Strengthening of the Payroll process:

In progress with the rollout of the Global Payroll in 2023, which will be integrated into Oracle in 2024.

- Procurement planning optimization:

In progress with roll-out of new procurement Manual, management reporting and staffing structure reorganization in 2023.

Outstanding Recommendations – Compliance audit

21 recommendations in progress.

	Outstanding Compliance Audit Recommendations by Region					
	Global	Africa	Americas and the Caribbean	Asia	Middle East	Europe and Central Asia
Compliance	-	Alger: 2 Guinea: 2	Buenos Aires: 3 Guatemala: 1 Honduras: 2 El Salvador : 2	Malaysia: 3 Micronesia: 4	Lebanon:1	Spain: 1

Improvement work in Country Offices relates to risk register implementation, local assets acquisition and disposal, tax exemptions, procurement, immunities and privileges, timely clearance of advances, local contract management, project development, implementation and monitoring, timely recruitment, staff training etc.

Different levels of maturity in country offices impact the efforts required to implement IOM guidelines.

Recommendations Overview – Timeline & Management Actions

Recommendations planned date of completion	28	8	2	1	39
Year	2023	2024	2025	TBD	Total

- Most of the outstanding recommendations are planned to be implemented by the end of 2023 (21 compliance, 6 Certification, 1 performance audit).
- Recommendations targeted for implementation in 2024 and 2025 are related to the new ERP roll-out and planned accordingly:
 - Recommendation to issue a statement of internal controls is also part of IGF/BT and other financial enhancements planned to be completed by end of 2024.
 - Work has been started to strengthen the security core of IOM mission infrastructure and key core business systems including MiMOSA and the ERP which will go live in 2024 and 2025. Adequate security controls will be implemented as part of system configuration in these systems.
 - A comprehensive mission security check will be started as part of IOM’s continuous threat Exposure Management (CTEM) programme to address the most impactful exposures. Additionally, IOM continues to focus on resilient and modern architecture to identify and address multiple types of threat exposures; develop exposure management cycles for project scopes with emerging threat vectors, or where business projects are potentially harmed with most impact such as with IOM’s financial systems. The first phase of this work is expected to be completed in 2025.

THANK YOU