

STANDING COMMITTEE ON PROGRAMMES AND FINANCE

Thirty-third Session

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

* Reissued for technical reasons on 24 October 2023.

REPORT ON THE WORK OF THE OFFICE OF THE INSPECTOR GENERAL

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 Office's activities, which include internal audit and investigations, for the period from 1 September 2022 to 31 August 2023.

Mandate and strategies of the Office

2. The mandate of the Office is to provide the Director General with independent, objective assurance and systematic review and advice, to add value to and improve the design, delivery and operations of IOM's programmes and projects.

3. 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 internal audit and investigation 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, at the Administration's request, consulting and advisory services on organizational issues and policies, and conducts independent reviews.

4. 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 and with due regard to the jurisprudence of the International Labour Organization Administrative Tribunal.

5. The Inspector General ad interim hereby confirms the Office's organizational independence with regards to lack of management interference in the planning, execution and reporting of its work. The Inspector General ad interim confirms that adequate funding was allocated during the reporting period to the investigation function, which has grown significantly in size and budget since 2019. As regards the internal audit function, however, the Inspector General ad interim notes that resource constraints exist which, if not addressed, may affect the ability of the function to deliver an adequate level of assurance. Since 2015, the internal audit function has not benefited from any additional positions, upgrades or increase in travel or other ancillary budget. Accordingly, the function has not kept pace with the growth of the Organization, which since 2015 has experienced an 82 per cent increase in total expenditure, a 91 per cent increase in the number of staff, and a 30 per cent increase in the number of field offices. As a first step to address these concerns, the Inspector General ad interim has submitted a proposal to senior management, which in turn has confirmed the need to address the lack of growth of the function.

6. Regarding individual declarations of objectivity and lack of conflict of interest, on an annual basis, and prior to each audit engagement, all members of the audit team confirm their adherence to the principles and rules of conduct in accordance with international auditing standards.

7. Both functions of the Office of the Inspector General operate under delegation of authority to manage their budget and operations independently without the usual organizational constraints.

Summary of activities during the reporting period

8. Table 1 summarizes the activities carried out by the Office from 1 September 2022 to 31 August 2023. (For more details on the work of each function, see the separate sections below.)

Table 1. Breakdown of activities

Internal audits, including project audits	Investigations: cases closed
62*	1 551

* The number comprises 15 audit assignments and the review of 47 projects embedded in the audit protocol.

9. Heads of both functions normally hold regular meetings with the Audit and Oversight Advisory Committee and act upon its recommendations. During the reporting period, three meetings were held, in November 2022, and in April and July 2023.

Office structure and resources

10. Table 2 summarizes the approved staffing levels in the 2021, 2022 and 2023 Programme and Budget.

Table 2. Approved staffing levels

	2021	2022	2023
Approved staffing levels			
Inspector General	1	1	1
Internal audit*	12	12	12
Investigation**	14	15	20
General Service support staff	2	2	2
Temporary or project funded			
Investigation	4	4	3
Internal audit			1*
Total	33	34	39

* At the time of drafting this report, one professional category auditor position is vacant. The temporary position is funded by an existing budget line.

** At the time of drafting of this report, three positions were funded by funding from MIRAC (Migration Resource Allocation Committee) funding. In addition, a number of positions in the investigation function are vacant and the budget is utilized to fund consultants and temporary staff.

11. The Office has staff in three locations: Headquarters, and the Manila and Panama Administrative Centres (see Table 3 below).

Table 3. Staffing by location in 2023

Location	Staffing level	OIG	Internal audit	Investigation
Geneva	Approved staffing	2	4	19
	Temporary or project staff		1	3
Manila	Approved staffing		8	1
Panama	Approved staffing		1*	
Total		2	14	23

* The post is vacant and the temporary position for an Internal Auditor at Headquarters is funded by the Panama line.

Investigation

12. An investigation is a formal fact-finding inquiry to examine allegations of misconduct and other wrongdoing in order to determine whether these have occurred and, if so, the person or persons responsible.

13. The Office's investigation function is responsible for conducting independent administrative investigations, based on law, to protect the integrity and improve the efficiency and effectiveness of IOM operations while contributing to accountability and transparency. The Office receives all allegations of misconduct related to fraud, waste, workplace harassment, abuse of authority, sexual exploitation and abuse and other failures to comply with IOM regulations and rules. It also investigates allegations of retaliation referred by the Office of Ethics and Conduct.

14. The investigation function is currently composed of 23 fixed-term staff positions, including a Junior Professional Officer. During the reporting period, four staff positions were added, including two to manage the We Are All In reporting platform. On the date of this report, 7 staff positions were vacant in the function and 8 personnel were serving under special short-term and full-time consultancy contracts, with an additional 15 serving as consultants on a roster basis.

15. During the reporting period, the investigation function assumed responsibility for the We Are All In platform, an online platform which enables the confidential reporting of allegations. Together with ownership of the platform, two fixed-term staff positions were moved to the investigation function, one for a P-2 level We Are All In Officer responsible for coordinating the substantive content of the platform, and one National Officer category position located in Manila responsible for technical maintenance and development of the platform.

16. A total of 1,551 cases were handled by the investigation function, compared with 1,187 during the previous reporting period. Table 4 provides further details.

17. At the end of the reporting period, 54 of the cases in Intake predated 2023, while 12 cases under investigation predated 2022, of which just 2 predated 2021.

18. The number of allegations received by the investigation function increased to 1,931, as compared with 1,184 received during the previous reporting period, 979 during the 2020–2021 reporting period, 715 during the 2019–2020 reporting period and 325 during the 2018–2019 reporting

period. On average, 160 allegations were received per month, as compared to 99 per month during the previous reporting period, with 622 allegations received during the last three months alone. This situation has resulted in increased human resources needs in Intake. It will be necessary to address this situation imminently in order to address serious complaints of misconduct in a timely manner, maintain low caseloads (to avoid staff attrition) and ensure that staff members' trust in the Office remains high.

19. The substantial and consistent growth in the number of allegations is further reflected in the number of open cases undergoing assessment, which stands at 501, as compared to 124 at the end of the previous reporting period. Although the allegations under assessment are relatively current, the continuous rise in the number of allegations presents a challenge for the present team and risks creating a new backlog over time, as noted above.

20. The continued increase in allegations is likely due to the significant growth of the Organization in terms of staff, funding and projects, and is also attributable to the greater visibility of the Office and the We Are All In platform for reporting allegations. It could also be seen as an indicator of an effective, accessible and reliable internal accountability system.

21. During the reporting period, 92 reports were produced and submitted to the Department of Legal Affairs for consideration of disciplinary action, as compared to 117 during the previous reporting period. The number of investigations concluded decreased from 171 to 101, as a result of, among others, the elimination of the prior investigations backlog, a reduction in cases referred by Intake as warranting investigation, and changes in criteria for closure notes and closure reports.

22. The productivity of the investigation function as a whole continued to increase. While the number of open cases at the end of the reporting period increased from 236 to 616, the total number of cases processed increased to 1,551, as compared to 1,187 during the previous reporting period.

23. Staff from the investigation function also participate in United Nations system activities and initiatives, as well as in IOM working groups and conferences. Three IOM investigators attended the session of the Complex Emergencies Working Group, which was held in November 2022. The Office is a member of the United Nations Representatives of Investigation Services, the inter-agency working group convened by the Special Coordinator on Improving the United Nations Response to Sexual Exploitation and Abuse, and the Inter-Agency Digital Investigations Working Group. It is also represented on the IOM Headquarters Task Force on the Prevention of Sexual Exploitation and Abuse. During the reporting period, the investigation function collaborated with other United Nations investigative offices and actively contributed to the drafting of IOM's new guidelines on information-sharing about allegations of sexual exploitation and abuse with the highest United Nations official in country, and on victim assistance, as well as to the development of several training modules regarding accountability and misconduct. The Office also offers continuous learning for its investigators and is further expanding its system of standard operating procedures and guidance material, including on investigations into allegations of sexual exploitation and abuse with a victim-centred approach.

Table 4. Investigation caseload

Status of investigations	Number of cases
Carried over from the previous period	
Cases under investigation	102
Cases undergoing assessment	124
Cases assessed and pending investigation or closure	0
Cases under investigation by third parties	10
Total cases carried over from the previous period	236
Cases received or reopened during the reporting period (1 September 2022 to 31 August 2023)	1 931
Total cases carried over and received	2 167
Cases closed during the reporting period	
Post assessment	1 136
Finalized with an investigation report and referred to LEGGL	55
Referred to LEG Contracts	2
Referred to LEGGL with a referral report	37
Referred to other office(s)	253
Cases closed with a closure note or closure report	46
Closed after proxy investigation	22
Total cases closed during the reporting period	1 551
Status as at 31 August 2023	
Cases under investigation	98
Cases undergoing assessment	501
Cases under investigation by third parties	17
Total ongoing cases	616

LEG Contracts: Office of Legal Affairs, Contract Division; LEGGL: Office of Legal Affairs, General and Administrative Law Division.

Internal audit

24. The internal audit team comprises both experienced IOM staff and professional internal auditors. At present, there is a need to increase the workforce and its skill set to address the increased requirements, in order to provide adequate coverage of the audit universe in accordance with the international auditing standards and guidance, as well as to be able to adapt to changes in the internal audit profession that will come into force at the beginning of 2024. The staffing of the internal audit function has remained fundamentally unchanged since 2015, both in terms of grades and numbers, notwithstanding the significant growth of the Organization. This has been identified as an area for improvement in the mandatory periodic independent external quality assessment of the internal audit

function performed in 2022, the 2022 central assurance assessment of the Organization by the United Kingdom Foreign, Commonwealth and Development Office (FCDO), and the 2022 audit report of the Organization's External Auditor. During the Organization's 2024 budget cycle process, a proposal for additional funding, upgrading, and centralizing of positions was submitted by the Inspector General ad interim to senior management as a first step in the necessary reinforcement of the internal audit function.

25. The internal audit function performs internal audits consistent with international audit standards. The audit universe is composed of processes, functions, projects, centralized entities, and regional and country offices. The annual audit workplan, which is based on a detailed risk assessment, is reviewed by the Audit and Oversight Advisory Committee, and approved by the Director General.

26. In line with established practices, during the reporting period the internal audit function has successfully performed the audit plan, as modified to respond to emerging risks. In addition, following the piloting of the Agile audit protocol, and further to a review of lessons learned, it embedded Agile audit elements into existing protocols. In this regard, the function enhanced the audit engagement context, incorporating applicable project reviews, and improved the reporting of audit results to senior management and audit stakeholders.

27. As reported last year, a comprehensive independent external quality assessment of the internal audit function was finalized in February 2022, resulting in the highest possible rating of "general conformance", reflecting overall conformance with the International Standards for the Professional Practice of Internal Auditing. Most of the recommendations in the independent assessor's report have been addressed. The remaining areas identified for improvement relate to the function's resources and staffing gaps. The internal audit function also conducts self-assessments of compliance with international internal auditing standards on a continuous basis. In line with established policies, one sample horizontal internal quality assessment was performed during the reporting period, with the results used to further enhance protocols.

28. The internal audit function maintains close communication with representatives of the internal audit services of other United Nations agencies and related organizations, and actively and regularly participates in working groups initially established to develop audit strategies and frameworks within the United Nations system during the COVID-19 pandemic. As part of the 2023 conference of United Nations representatives of internal audit services, the IOM internal audit function chaired a working group for the review of strategic risks, governance and performance, in order to establish common terms of reference and a programme of work to address current risks, such as risk management, the environmental impact of projects, governance and accountability from the internal oversight perspective, and cybersecurity risks. During the reporting period, the internal audit function supported a joint advisory assessment of the United Nations business operations strategy, led by the United Nations Office of Internal Oversight Services, the results of which are currently being discussed within the United Nations.

29. The internal audit function continued to engage in working groups established for ongoing governance-related initiatives in IOM, on topics such as the development of a delegation of authority framework and collaboration with third-party contractors. The function continued to enhance its interaction with the Risk Management Unit and the Department of Financial and Administrative Management through frequent meetings and exchanges on risk assessments and other emerging areas. In an effort to further strengthen its advisory profile, the internal audit function engaged in regular consultations with the Cash-based Initiatives Unit on process enhancements, and provided consolidated information on key risks and audit recommendations to the Business Transformation team to support the ongoing transition to the new enterprise resource planning system. Moreover, it

continued to interact with the Results-based Management Unit on the establishment of key performance indicators related to the ongoing implementation of the annual audit workplan initiative.

30. The internal audit function continued to engage with the regional offices and participated in the global annual retreat of Senior Resources Management Officers, as well as two regional retreats, delivering presentations on cross-cutting areas of interest to the participants and providing an overview of key messages linked to the governance, risk and control environment assessments performed through individual audit assignments.

31. The internal audit staff continued to enhance their professional skills by following certification and other relevant courses issued by the Institute of Internal Auditors and other providers.

32. Table 5 below reflects the audit assignments performed during the reporting period.

Table 5. Breakdown of audits performed

Region	Country office audits	Systems, process and functions audits	Project audits*	Total
Asia and the Pacific	2	-	8	10
Southern Africa	2	-	7	9
Middle East and North Africa	3	-	10	13
East and Horn of Africa	1	-	4	5
Central and West Africa	1	-	4	5
Central and North America and the Caribbean	1	-	2	3
South-Eastern Europe, Eastern Europe and Central Asia	2	-	9	11
European Economic Area	1	-	3	4
Headquarters	-	2**	-	2
Total	13	2	47	62

* Respective project audits presented were reviewed during country office audits.

** The systems, process and functions audit of the Regional Response to the Venezuelan Situation sampled 4 country offices: three in South America, namely Chile, Colombia and Ecuador; and one in Central and North America and the Caribbean, namely Panama.

33. Although IOM management is responsible for implementing recommendations, the internal audit function continued to increase efforts to proactively monitor and follow up on outstanding recommendations. The engagement of auditees has been strong, and work with management on the implementation of recommendations is ongoing.

34. Effective 2022, all recommendations are fully tracked and monitored through internal audit management software. All auditees have full access to the software to enable them to provide updates through the system. The software also sends out automatic follow-up messages and reminders and enables an additional layer of monitoring through a dedicated dashboard showcasing implementation status. As a result, the internal audit function has seen increased interaction and dedication from relevant stakeholders.

35. Table 6 provides a breakdown of the ageing of internal audit recommendations by level of risk.

Table 6. Ageing of open recommendations by level of risk

Ageing/risk	Very high	High	Medium	Total
Not yet due (for follow-up)	14	79	104	197
Due (for follow-up)	19	61	90	170
Total	33	140	194	367

36. All 367 audit recommendations reported in this period are considered to be current, as none are long outstanding (i.e., pending for more than 12 months after the established follow-up due date). Implementation of the recommendations is being closely monitored by the Office. Regular updates on the status and context of all recommendations are periodically circulated to the regional offices and relevant members of senior management.

37. A recurrent finding is defined as one that is substantially similar in nature to another identified in consecutive audits or during any other audit within the reporting period. Recurrent findings require significant management attention as they are considered to present a high to very high risk. The recurrent findings and key areas for improvement identified during the reporting period were consistent with previous reports, however, it is anticipated that the governance initiatives in progress will gradually address gaps. The internal audit function, in its effort to contribute to Business Transformation initiative by identifying risks and areas for improvement, has shared a consolidated audit findings and recommendations report with the Business Transformation team.

38. The main recurrent audit findings are presented below per process area of the Business Transformation initiative, by level of significance and volumes:

- (a) **Supply chain management.** This area covers a range of activities from planning to evaluation of suppliers. The main issues identified are: a deficient supply chain process; lack of planning and procurement plans; lack of controls in the use of the Organization’s fleet/inadequate fuel monitoring; weak controls in warehouse management; poor asset and office management; and control gaps in the vendor management.
- (b) **Finance to manage.** This area includes processes relevant to accounting, financial reporting and treasury operations. The systemic issues identified relate to: a lack of comprehensive administration and monitoring of financial processes; inadequate reviews prior to posting of financial transactions; validity of disbursements and expenditures; cheque management; gaps in banking and cash account management; and inappropriate maintenance of staff and non-staff vendor accounts.
- (c) **Hire to retire.** This area covers human resources management processes. The recurrent issues noted in the audit are: gaps in the administration of contracts for consultant and non-staff personnel; weaknesses in the administration of human resources processes and policies; delays in recruitment processes; weak controls for payroll process and payment of staff entitlements; and non-completion of the Organization’s mandatory training courses.
- (d) **Plan to report.** This area covers the full project life cycle and aims to streamline processes and enhance transparency for donors. The recurrent issues identified are: weak project monitoring; gaps in project management; poor budget monitoring and low-quality financial records; the need for enhanced and timely donor reporting; and systemic delays in project activation.

- (e) **Risk management.** The aim of this area is to mitigate all risks associated with the Organization's operations. The recurrent issues identified are: the absence of or an outdated comprehensive risk management plan in many offices; the need for enhanced awareness and a proper channel for fraud and wrongdoing; and the absence of or untested business continuity plans.
- (f) **Fundraising to agreement.** This is the overall process of forecasting the funding needs of the office through donor agreements and other sources. The main systemic issues identified relate to offices that are highly dependent on the availability of donor funding which, if not available, could compromise the office's sustainability.
- (g) Other recurrent issues centre around the organizational structure; the lack of dedicated focal points on the prevention of sexual exploitation and abuse and sexual harassment; management and oversight of implementing partners; cybersecurity and vulnerability assessment gaps; delegation of authority and segregation of duties; and implementation of policies related to cash-based-interventions.

39. In addition, the internal audit function carries out process audit assignments in more complex areas to identify institutional areas for improvement. During the reporting period, two major areas reviewed under the process audit protocol were the Regional Response to the Venezuelan Situation, and cybersecurity.

40. In accordance with established policies, the internal audit function sends client surveys to the managers of audited areas upon completion of an audit. The results received are reviewed and areas for improvement identified based on auditee feedback. For the reporting period, the weighted average for responses regarding audit performance stood at 3.5 (on a scale of 1 to 4, where 4 indicates the highest level), indicating strong auditee agreement.

41. The internal audit function continued to publish executive summaries of its internal audit reports after their release, together with the management response. To date, all executive summaries of reports issued between 2017 and 2022 – 102 in total – have been made publicly available on the internal audit web page.