

**STANDING COMMITTEE ON PROGRAMMES AND FINANCE**

**Thirtieth Session**

**SIXTH UPDATE ON THE APPLICATION OF THE INTERNAL GOVERNANCE FRAMEWORK**



## SIXTH UPDATE ON THE APPLICATION OF THE INTERNAL GOVERNANCE FRAMEWORK

### Introduction

1. This report provides an update to the information provided by the Administration to the Twenty-ninth Session of the Standing Committee on Programmes and Finance on its progress in applying the IOM Internal Governance Framework (IGF) (document S/29/INF/1).

2. The Administration remains 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. Good progress continues to be made towards achieving the organizational reform objectives through the application of the IGF Workplan. As of April 2022, 45 out of the total of 73 work items had been completed across workstreams 1, 2 and 4. Of the 28 remaining work items, 5 are scheduled to be completed in the next two months and a further 10 by the end of 2022. The largest outstanding item is the Business Transformation, including the introduction of a new enterprise resource planning (ERP) system. This work remains on schedule for completion within budget in 2024.

5. This update outlines a selection of recent key achievements that are contributing to the realization of a modern, fit-for-purpose internal governance system. It does not reflect the full scope of work; a comprehensive progress report on the application of the IGF was provided to Member States in December 2021 and another report will be shared later in 2022.

#### **(a) Workstream 1: Foundational components**

##### ***Work item 1.1.1: Strategic planning, taking a results-based approach***

6. The Strategic Results Framework, which will support implementation of the IOM Strategic Vision 2019–2023, was endorsed by the Director General in December 2021. The Framework was formulated following extensive consultation with staff in country offices, regional offices and Headquarters, as well as interested Member States, and its finalization is an important milestone in increasing the impact of reporting at IOM. Due to the projectized nature of the Organization, project reporting is decentralized. Under the Strategic Results Framework, these project-related results will be used to generate coherent and reliable organization-wide reports that also take into account other

reporting requirements, including those associated with the Sustainable Development Goals and the Global Compact for Safe, Orderly and Regular Migration.

7. In 2021, IOM aligned its country strategies with the Strategic Vision and the emerging Strategic Results Framework. Focal points for the Strategic Results Framework were trained in the nine IOM regions to support its roll-out at country level; this training was then cascaded to familiarize key regional and country office staff with the overall purpose and content of the Framework. The Strategic Results Framework was also incorporated into IOM's organization-wide training initiatives, integrated global frameworks and Chief of Mission training, and used as a basis for the revision of the institutional questionnaire. It will now be integrated into the Project Information and Management Application (PRIMA) to facilitate streamlined data collection.

8. IOM is increasingly working with United Nations partners to maximize alignment with United Nations reporting systems (UN INFO) and requirements, with the aim of reducing the reporting burden by avoiding duplication. Through the United Nations Strategic Planning Network, the Organization has also supported the development of a new results-based management handbook, which is currently under review by the relevant United Nations Sustainable Development Group task group.

***Work item 1.3: Ensuring a sound legal basis***

9. The contract management solution known as CAFÉ (contract automation, filing and execution) was upgraded to a more user-friendly version in early 2022. This upgrade automated 22 manual steps in the regular contract clearance process and introduced additional processes designed to speed up contracting. Thanks to the enhanced capacity to tailor contracts to specific country office needs, only 14 per cent of the contract workflows initiated in CAFÉ during the pilot phase in 2021 subsequently required legal advice, in contrast to approximately 40 per cent under the previous email-based system. The roll-out of CAFÉ to large IOM missions will continue in 2022, with the aim of having this system in use at over 50 missions by the end of the year. It is estimated that the Organization will save around USD 100,000 for every 250 contracts that can be channelled through this automated contract management system.

10. Work to standardize contract templates has also continued. In the first quarter of 2022, standard templates were produced for contracts related to evacuation, non-food item distribution and in-kind contributions, as well as for cash-based interventions, such as beneficiary assistance forms.

***Work item 1.4: Rethinking the IOM core funding model through the budget reform***

11. The Administration began discussing the need to strengthen the core funding model with Member States in 2020. Although the Working Group on Budget Reform held several meetings in 2021, no decisions were taken. In February 2022, the Administration submitted a document to the Working Group entitled Investing in IOM's core structure: funding options for consideration – February 2022 (WG/BR/2022/1), which included an updated request for USD 75 million to ensure stable and predictable funding for the core structure. The Administration also reiterated its request to Member States to amend the definition of the core structure to allow greater flexibility in the funding of leadership positions in country offices, namely Chiefs of Mission and Resource Management Officers. Currently, IOM Council resolutions effectively prohibit the use of core funding to cover the majority of these positions, despite their crucial role in exercising basic management responsibilities on the front line.

12. Further discussion of workable solutions for the long-standing funding gap took place during two Working Group meetings on 7 March and 11 April 2022. The Director General underscored the critical situation faced by the Organization as it confronted the multifaceted humanitarian and

development challenges inherent in migration today, reiterating that IOM could not continue with business as usual. Although there is broad agreement among Member States on the need for budget reform, consensus has not yet been reached regarding the funding mechanisms. The next Working Group meeting is due to take place in June 2022, with a view to potentially making a decision at the Standing Committee on Programmes and Finance later that month.

***Work item 1.8: Creation and implementation of an organizational design framework***

13. Implementation of the new organizational design framework has standardized IOM's organizational structures, including titles, nomenclature and hierarchy, providing senior management with better guidance regarding decisions on creating or modifying entities/structures. This framework was applied to the reorganization of Headquarters that came into force on 1 January 2022. Work is now under way to enter the new organizational entities into PRISM, the current enterprise resource planning solution used by the Organization. This will ensure that the organizational structure is coherent in the new enterprise resource planning solution, enabling IOM to precisely report its footprint in field locations.

**(b) Workstream 2: Strengthening existing business processes**

***Work item 2.2.3: Financial Coordination Platform, a digital communication and knowledge management platform***

14. The purpose of IOM's new Financial Coordination Platform (FinCoorP) is to manage and regulate financial functions in coordination with field offices, and to control financial functions that are decentralized to country offices. The introduction of this integrated platform has centralized processing and improved knowledge management; in the past, financial queries were primarily managed through unstructured email interactions and paper-based processes that did not allow easy reporting on resolution times, which made auditing more difficult. In addition, the lack of ready access to a knowledge base made it harder for field missions to fulfil their responsibilities.

15. The knowledge base solution centre in FinCoorP has been progressively expanded to include more reference sources: 659 articles containing guidance on IOM's financial policies, practices, forms and templates have been digitized to date and are now available to users. In addition, optimization of the FinCoorP dashboards has enhanced the control functions in the second line of defence and improved monitoring of the performance and responsiveness of the central financial services functions. In 2021, 80,171 requests were resolved via FinCoorP with an average resolution time of 16 business hours.

***Work item 2.2.6: Financial Management Rules and Procedures online certification training***

16. The online training modules on the Financial Management Rules and Procedures have been completed by 1,947 staff members from over 150 country offices. The modules combine theory, practical examples, reference documents and knowledge tests to ease learning, and will enhance efficiency, transparency and coherence, as well as improve compliance with IOM's Financial Regulations. The online training modules are available to all IOM personnel, whether of a financial or non-financial background. The training was well received, with 99 per cent of staff reporting that they would recommend it to their colleagues. In addition, a new syllabus and training methodology has been developed that enables the delivery of interactive regional training sessions for finance staff on the practical application of the Financial Management Rules and Procedures via a virtual platform, rather than face to face. The roll-out of the syllabus covered all IOM regions and resulted in estimated savings of over USD 1.5 million.

**Work item 2.4.2: Procurement and supply chain strategy**

17. In early 2022, the IOM Supply Chain Strategy was published. It sets clear priorities and objectives for the period from 2022 to 2026 and will guide the design of the business processes incorporated into the new enterprise resource planning system. The Strategy is the result of intensive consultations and input from field staff, thematic experts at the regional and Headquarters levels, and academic partners. It seeks to articulate and create buy-in for the long-term vision, or desired “to-be” state of supply chain management at IOM, and to provide a high-level road map for how to achieve this state within the next five years. The rationale underpinning the launch of the Strategy was the realization that IOM needs to be able to guarantee speed, quality and value for money in its supply chain.

**Work item 2.4.7: Vendor management system**

18. Each year, IOM sources goods and services worth almost USD 1 billion from an average of 29,400 vendors, prompting the need for a browser-based platform to manage its complex vendor request processes. The new vendor management system was launched in December 2021 in response to this need for improved systematization. This new system has reduced the number of paper-based exchanges, generated efficiencies and led to increased visibility and simplicity, thereby contributing to modernizing the Organization and increasing its digital resilience. It has also introduced clear enhancements by reducing the duplication of master data and manual processes, improving the management of sanctioned or suspended vendors, and increasing the transparency of vendor request and approval processes.

19. Another advantage of the new system is a significant improvement in the quality of vendor data thanks to new validation processes, built-in checks against the consolidated United Nations sanctions list, the ability to upload supporting documents (e-filing) and criteria-based workflow approvals. The average number of steps was reduced from 3.56 (for manual processes) in 2021 to 3.17 (for digital processes) in 2022. As of April 2022, the vendor management system is operational in 177 offices. The next step is to optimize the vendor list by removing over 100,000 inactive and duplicated records, which represent almost 50 per cent of active accounts.

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

20. The Business Transformation preparation phase was completed at the end of 2021 as scheduled. In February 2022, after a competitive selection process, a critical milestone was reached with the selection of the Cloud ERP solution from Oracle.

21. The implementation phase has now commenced, with support from Oracle to perform a detailed review and develop the overall high-level design and solution strategy. This first step of the phase is expected to last five months and will include an analysis to establish whether there are opportunities for functions to be deployed prior to the financial functional cutover date in early 2024. In parallel, the data sets related to accounting, financial reporting, supply chain and human resources management will be redesigned to ensure that these foundational elements contribute to achieving the Business Transformation goals in terms of efficiency, automation and integrated controls.

22. The Business Transformation remains on time and within the original budget of USD 56 million. IOM has already allocated just under USD 21.9 million to this workstream, comprising both earmarked and unearmarked contributions from Member States, and Operational Support Income. The Administration will continue its dialogue with Member States and donors regarding the additional funding needs for this essential initiative.

**(d) Workstream 4: Internal justice**

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

23. Throughout 2021, the Office of the Inspector General continued to reduce the backlog of cases handled by the investigation function, thus contributing to a stronger culture of accountability, integrity and transparency within IOM. Between 1 January and 31 December 2021, the number of open cases decreased from 234 to 218 (excluding cases referred for investigation by third parties), while the number of allegations in the intake stage remained constant, even though 986 new allegations were received over the course of the year. The backlog of 385 cases in the intake stage that existed in November 2019 was completely eliminated in 2020 and the ageing cases in investigations were largely eliminated in 2021, with only two cases predating 2020 remaining open at the end of the year. In addition, more than 98 per cent of cases were processed through the intake stage within three months in 2021; this contrasts with just 28 per cent of cases that were open in November 2019. Currently, only six cases in the intake stage predate 2022.

24. Although IOM has considerably fewer investigation staff members than comparable organizations, 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. However, the number of allegations and other demands on the service continues to grow. The work of the Office to address the pre-existing backlog and process new cases as efficiently as possible is also putting additional pressure on the units responsible for following up investigations. For example, in 2021, the Office referred 130 cases to the Department of Legal Affairs for consideration of disciplinary measures, based on investigation reports and referral reports for cases in which sufficient evidence existed after the preliminary assessment or investigation. Such cases could also require action by the Department of Human Resources Management. The Administration is now reviewing the resources required for these downstream roles to ensure that it can act expeditiously on cases requiring further action after the Office of the Inspector General has finalized an investigation.

**Conclusion**

25. The Administration is fully committed to the continued dialogue with Member States on the application of the IGF. It would like to commend 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 Thirty-first Session of the Standing Committee on Programmes and Finance in late 2022.