INTERNAL AUDIT DIVISION

REPORT 2016/038

Audit of the Office for the Coordination of Humanitarian Affairs operations in South Sudan

Overall results relating to the effective management of operations in South Sudan were initially assessed as partially satisfactory. Implementation of seven important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

29 April 2016
Assignment No. AN2015/590/04

CONTENTS

AUDIT REPORT

Audit of the Office for the Coordination of Humanitarian Affairs operations in South Sudan

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of the Office for the Coordination of Humanitarian Affairs (OCHA) operations in South Sudan.

2.   In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.

3.   In accordance with General Assembly resolution 46/182 dated 19 December 1991, OCHA is responsible for bringing together humanitarian actors to ensure a coherent response to emergencies. OCHA operations in southern Sudan began in 2005 and the OCHA South Sudan office was established following the country's independence in 2011. South Sudan has experienced multiple crises, including the conflict that escalated into a new outbreak of civil war in December 2013. Between December 2013 and May 2015, more than 2 million people fled their homes, including 1.6 million internally displaced people and 552,000 refugees in neighbouring countries. By July 2015, about 8 million people were identified as food insecure and 166,142 civilians had sought safety in six Protection of Civilians sites located in United Nations Mission in the Republic of South Sudan (UNMISS) bases. In addition to the violence and food insecurity, challenges with flooding, cholera and malaria also contributed to making the humanitarian situation very dire. The Emergency Relief Coordinator (ERC) designated the South Sudan crisis as a Level 3 Emergency Response in February 2014.

4.   To promote fast, coordinated and effective humanitarian response efforts, OCHA established the South Sudan Common Humanitarian Fund (CHF) and drew on the global Central Emergency Response Fund (CERF) in South Sudan. In 2014, 10 donors contributed $160 million to the South Sudan CHF, and by September 2015, 11 donors had contributed $90 million to the CHF. A total of $291.8 million was allocated from CHF and CERF to 431 humanitarian response projects for the same period. CHF allocations of $224.7 million were made to 389 projects, while $67.1 million was allocated from CERF to 42 projects.

5.   The Secretary-General's bulletin on CERF, the terms of reference (TOR) for the South Sudan CHF and the memorandum of understanding signed by the Participating United Nations Organizations (PUNOs) provided the framework for implementing humanitarian projects. The United Nations Development Programme (UNDP) performed the roles of Managing and Administrative Agent. The Humanitarian Coordinator in South Sudan used the Crisis/Humanitarian Response Plan to inform the prioritization of humanitarian assistance projects from both CHF and CERF. The Humanitarian Coordinator consulted the CHF Advisory Board and Humanitarian Country Team in the programming and allocation of CHF funds. The ERC approved CERF projects, while the Humanitarian Coordinator approved the CHF projects. The Humanitarian Coordinator was responsible for overseeing the monitoring of project implementation by all implementing partners.

6.   The OCHA Country Office in South Sudan supported the Humanitarian Coordinator in providing a coordinated humanitarian response. The Head of Office, at the D-1 level, was responsible for managing the Office. As of September 2015, the Office had an authorized staffing table of 95 posts - 40

international and 55 national. The 2014-2015 cost plans for the Country Office totaled $32.7 million. The Country Office had its headquarters in Juba and maintained seven sub-offices.

7.   In accordance with the TOR for the South Sudan CHF, a joint OCHA-UNDP CHF Technical Secretariat was established within the OCHA Country Office in South Sudan to support the Humanitarian Coordinator in his coordination, allocation and oversight responsibilities for CHF. In 2015, the joint Technical Secretariat had a staffing table of nine authorized positions from OCHA, four authorized positions from UNDP and eight United Nations Volunteers (UNVs) that supported programmatic monitoring of CHF projects, including those implemented by PUNOs.

8.   Comments provided by OCHA are incorporated in italics.

II.   OBJECTIVE AND SCOPE

9.   The audit was conducted to assess the adequacy and effectiveness of OCHA governance, risk management and control processes in providing reasonable assurance regarding the **effective management of OCHA operations in South Sudan**.

10.   The audit was included in the 2014 risk-based work plan of OIOS due to the risks that: (i) coordination of overall humanitarian activities in a complex emergency and insecure operational environment may not be effective; and (ii) project monitoring mechanisms to assure that funds were used for the intended purposes may not be adequate.

11.   The key controls tested for the audit were: (a) coordinated management; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

    (a)   **Coordinated management** – controls that provide reasonable assurance that: (i) humanitarian needs for OCHA operations in South Sudan are assessed taking into consideration the risk environment and the availability of various sources of funding at the disposal of the Humanitarian Coordinator; (ii) coordinated programming of CHF and CERF into humanitarian response projects is undertaken; (iii) the Humanitarian Coordinator has a system in place for overseeing the regular monitoring of CHF and CERF project implementation to ensure that the funds are used for the intended purpose; and (iv) project performance, including financial performance, is monitored and reported on a timely basis.

    (b)   **Regulatory framework** – controls that provide reasonable assurance that policies and procedures: (i) exist to guide the delivery of OCHA operations in South Sudan and manage staff and other resources; (ii) are implemented effectively; and (iii) ensure the reliability and integrity of financial and operational information.

12.   The key controls were assessed for the control objectives shown in Table 1.

13.   OIOS conducted this audit from October 2015 to January 2016. The audit covered the period from January 2014 to September 2015.

14.   OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III.   AUDIT RESULTS

15.   The OCHA governance, risk management and control processes examined were initially assessed as **partially satisfactory**[1] in providing reasonable assurance regarding the **effective management of operations in South Sudan**. OIOS made seven recommendations to address issues identified.

16.   The organizational set up of the OCHA-UNDP CHF Technical Secretariat and the programmatic project monitoring concept were sound to support the Humanitarian Coordinator in his programming, allocation and oversight responsibilities. However, OCHA needed to review the services that the Managing Agent was required to provide under the TOR for the South Sudan CHF and the Memorandum of Understanding with PUNOs, identify any gaps in services rendered, and take appropriate action. A mechanism was also needed to document the financial monitoring and other oversight activities of PUNOs on the CHF projects.

17.   Additionally, the OCHA Country Office in South Sudan needed to focus more on outcome-based key performance indicators; address operational challenges arising from the transition to Umoja; establish a contract for information and communications technology (ICT) services; and implement procedures for timely cancellation of unused flight bookings to avoid penalty charges for no shows.

18.   The initial overall rating was based on the assessment of key controls presented in Table 1. The final overall rating is **partially satisfactory** as implementation of seven important recommendations remains in progress.

Table 1: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	**Accurate financial and operational reporting**	**Safeguarding of assets**	**Compliance with mandates, regulations and rules**
Effective management of OCHA operations in South Sudan	(a) Coordinated management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A.   Coordinated management

Monitoring activities needed to be streamlined

19.   According to the TOR for the South Sudan CHF, the Humanitarian Coordinator was responsible for ensuring that there was an adequately staffed sub-unit within the Technical Secretariat that focused on monitoring and reporting, and complemented CHF grant recipients' own monitoring and evaluation systems. The monitoring function was expected to be independent of operational activities.

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[1] A rating of "partially satisfactory" means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

20. The joint OCHA-UNDP CHF Technical Secretariat brought the accountability of all implementing partners under the programmatic project monitoring concept. It worked well in coordination with the Head of OCHA Country Office, the Humanitarian Coordinator, PUNOs, the CHF Advisory Board and other members of the humanitarian community in South Sudan, and could be a leading practice for emulation by other OCHA country offices. This arrangement could also address previous OIOS recommendations regarding the need to establish mechanisms to obtain feedback on monitoring and other oversight activities of PUNOs on the implementation of CHF projects.

21. A direct CHF allocation of $902,320 funded eight UNV positions in the Technical Secretariat to monitor CHF projects. The UNVs were attached to the clusters and reported to Cluster Coordinators/Co-Coordinators. In addition to their responsibility for the programmatic monitoring of CHF projects, the UNVs were often asked to carry out regular cluster functions. OIOS is of the view that this combination of cluster functions with CHF project monitoring responsibilities did not provide for operational independence in project monitoring.

22. The TOR for the South Sudan CHF provided that non-governmental organization (NGO) partners would access the South Sudan CHF through the UNDP Country Office, which served as the Managing Agent for NGOs. The Managing Agent was to assume programmatic and financial accountability for funds received from the Administrative Agent and support project monitoring activities undertaken by the Technical Secretariat. However, according to the OCHA-UNDP CHF Technical Secretariat, it was agreed that the Managing Agent would primarily focus on disbursements and not take on programmatic monitoring of NGO projects. There was also no evidence at the Technical Secretariat that the Managing Agent performed periodic financial spot checks on NGO-implemented CHF projects. Furthermore, a P-4 position that the Managing Agent placed at the Technical Secretariat to support monitoring of CHF projects had been vacant since August 2015. Consequently, it was doubtful whether value for money was received from the services that the Managing Agent rendered in managing the implementation and monitoring of NGO-implemented projects.

> **(1) The OCHA Country Office in South Sudan should, in collaboration with the Humanitarian Coordinator, develop a monitoring framework that provides adequate safeguards for the operational independence of the monitoring function.**
>
> *OCHA accepted recommendation 1 and stated that following a transition period, a reduced number of monitoring and reporting specialists will work directly from OCHA under the supervision of the OCHA-UNDP CHF Technical Secretariat, rather than from within the clusters.* Recommendation 1 remains open pending finalization of a monitoring framework that safeguards the operational independence of the monitoring function.
>
> **(2) OCHA should, in collaboration with the Humanitarian Coordinator, review the services that the Managing Agent was required to provide under the terms of reference for the South Sudan Common Humanitarian Fund and identify any gaps in services rendered.**
>
> *OCHA accepted recommendation 2 and stated that it would review the services provided by the Managing Agent and has requested that the Managing Agent addresses any gaps at their own cost.* Recommendation 2 remains open pending notification of the results of the review of services provided by the Managing Agent and corrective measures initiated to address any gaps identified.

Controls over no cost extensions for PUNOs were strengthened

23. The Operational Handbook for Country Based Pooled Funds required requests for no cost extensions to be submitted at least four weeks prior to the originally agreed end of project date. The

authority for approving no cost extensions was vested with the Humanitarian Coordinator, unless that authority was formally delegated to the OCHA Head of Office.

24.   Out of a sample of 20 PUNO-implemented projects amounting to $35.3 million, 6 projects totaling $12.1 million were granted no cost extensions in 2014 and early 2015. Two out of the six no cost extensions were granted several weeks after the expiry of the original project end date. Furthermore, no cost extensions for three of the six projects were approved by the OCHA South Sudan Head of Office. There was no evidence of formal sub-delegation of authority for the approval of no cost extensions by the Humanitarian Coordinator to the OCHA South Sudan Head of Office. The extension requests were premised on the fact that disbursements to PUNOs had been delayed. The fund transfer requests were submitted to the Administrative Agent almost three months after the Humanitarian Coordinator had approved the allocations.

25.   Controls over no cost extensions were recently strengthened, with the Humanitarian Coordinator expressing an almost zero tolerance over no cost extensions. Extensions were no longer approved if the justification was within the standard risks anticipated in implementing CHF projects. In addition, revisions made to the standard operating procedures for no cost extensions in June 2015 spelt out additional criteria to qualify for no cost extensions such as:

    a.   The extensions could not exceed three months from the originally agreed end date; and

    b.   Partner requests would only be admissible if at least 30 per cent of the allocated amount had been spent on the project.

26.   There was a substantial reduction in no cost extensions from 92 in 2014 to 24 in 2015. Based on the actions taken by the Humanitarian Coordinator and revisions made to strengthen the standard operating procedures related to no cost extensions, OIOS did not make a recommendation on this matter.

Mechanism needed to document the financial monitoring and other oversight activities of PUNOs

27.   According to the TOR for the South Sudan CHF, the Humanitarian Coordinator had overall responsibility to ensure that sufficient monitoring, reporting and evaluation mechanisms were in place to support the implementation of the South Sudan CHF. This work would be coordinated and facilitated by the joint OCHA-UNDP CHF Technical Secretariat, drawing upon the monitoring activities of NGOs and PUNOs. The intent of this requirement was to assure donors and the public that the United Nations had effective internal control systems in place to use the CHF funds for their intended purposes.

28.   For the programmatic monitoring of CHF projects implemented by PUNOs and NGOs, the UNVs prepared a monitoring plan for each allocation round, taking into consideration the risk rating of partners and accessibility of the projects. The monitors reported to the implementing agencies concerned on the observations and recommendations of their project monitoring visits. They, however, did not require a formal response on the implementation status of monitoring observations and recommendations. Follow-up was limited to informal discussions.

29.   With regard to the financial monitoring of projects, the audit results showed that there was:

    a.   No evidence of regular financial spot checks by the Managing Agent on the projects implemented by NGOs;

    b.   No regularly available information on the financial monitoring of CHF projects by their implementing partners; and

    c.   No record of summary project monitoring results and audit summaries presented to the CHF Advisory Board.

30.   A formal mechanism was not established to capture the monitoring and other oversight activities such as regular oversight dialogues on CHF projects implemented by PUNOs. As a result, the Humanitarian Coordinator and the OCHA Country Office in South Sudan had no formal basis to assure themselves, the donors, and the public that the CHF projects implemented by PUNOs were subjected to regular financial monitoring as required under the CHF TOR. Such a mechanism would allow the Humanitarian Coordinator to take timely remedial action on project implementation challenges. Absence of a formal mechanism to document financial monitoring activities of PUNOs and periodic presentation of summary audit observations could delay remedial measures in project implementation.

31.   The OCHA Country Office in South Sudan suggested that the narrative reporting format in the Grants Management System could be revised for PUNOs by including a section requiring information to be provided on the monitoring and audit activities related to CHF projects.

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(3) The OCHA Country Office in South Sudan should, in collaboration with the Humanitarian Coordinator, establish a mechanism to document regular project monitoring and other oversight activities of the Participating United Nations Organizations, including the Managing Agent, and summarize actions taken to address any challenges faced in project implementation.

OCHA accepted recommendation 3 and stated that consideration would be given to developing a monitoring framework that enhances complementarity of the efforts of the Managing Agent and PUNOs. Recommendation 3 remains open pending development of the monitoring framework.

Resources needed to be mobilized to sustain humanitarian operations

32.   According to the TOR for the South Sudan CHF, the Humanitarian Coordinator and the OCHA Country Office in South Sudan were responsible for CHF resource mobilization.

33.   CHF contributions reduced from $160 million from 10 donors in 2014 to $90 million by September 2015. CHF had a base of 11 donors with three contributors accounting for over 70 per cent of the contributions. There was a general expectation that CHF contribution levels could drop in 2016.

34.   OCHA stated that the funding level of CHF in 2015 was around the level in 2013 ($91 million), reflecting a reduction when compared with the 2012 contributions of $118 million. The year 2014 saw a peak in donor contributions to South Sudan, including to the CHF, due to the level of attention given to the crisis. OCHA indicated that its Country Office in South Sudan would, in collaboration with the Humanitarian Coordinator, identify innovative approaches to mobilize funds for the South Sudan CHF to expand the donor base and to sustain the current level of funding from the existing donors in the context of a coordinated and coherent plan for the whole of OCHA. OIOS would be conducting an audit of resource mobilization in OCHA during 2016. The audit would include a review of the strategy for mobilizing resources for Country Based Pooled Funds globally. Therefore, OIOS did not make a recommendation on this matter in the present report.

There was no clarity on the role of the OCHA country office in monitoring CERF projects

35.   In accordance with the Secretary-General's bulletin on the establishment and operation of CERF, "Resident Coordinators or Resident/Humanitarian Coordinators shall oversee the monitoring of, and

narrative reporting on, projects funded by the Fund". In addition, the Letter of Understanding with eligible United Nations organizations stated that "when deemed necessary by OCHA, and with prior consultation and agreement of the Eligible Organization on the TOR, OCHA may conduct on-site visits of projects financed by the Grant funds".

36.   With support from the OCHA Country Office in South Sudan, the Humanitarian Coordinator identified humanitarian needs and resource gaps and justified CERF funding. However, the Country Office had no mechanisms to capture feedback from recipient organizations on the status and progress of implementation of CERF-funded activities to support the Humanitarian Coordinator in monitoring the implementation of the CERF grants. There was no clarity on the responsibility of the OCHA Country Office in South Sudan to obtain this feedback. As a result, the Humanitarian Coordinator had no assurance that CERF projects were implemented in a timely manner and that the intended activities were being implemented as planned.

37.   In response to previous OIOS recommendations for OCHA to clarify the roles and responsibilities of its country offices in supporting humanitarian coordinators in overseeing their monitoring responsibilities for CERF projects, OCHA had stated that the CERF secretariat was in the process of developing a brief guidance note that described the roles and responsibilities of key actors with respect to sharing of relevant information on CERF funded projects during and after implementation. Therefore, OIOS did not make an additional recommendation on this matter in the present report.

B.   Regulatory framework

Performance indicators against OCHA work plan implementation needed to focus on outcomes

38.   The OCHA 2014-2017 strategic framework incorporated a results-based management approach that focused on achieving results and on influencing outcomes over performance of processes.

39.   The country office results framework for South Sudan for 2014-2015, which was tied to the strategic plan and work plan, had 35 key performance indicators (KPIs) based on the OCHA standard set of performance indicators. Overall, OCHA South Sudan performed well against the performance targets as of the third quarter of 2015 update, although some satisfaction surveys were yet to be conducted. However, a number of these indicators were designed, per the standard performance indicator guidance, to measure "quality scores" of various internal deliverables such as preparation of the Humanitarian Response Plan/country strategy or the strategic response plan's prioritization of needs, with no clarity on the methodology for calculating the quality scores, and no clear linkage to the quality of outcomes. While recognizing the challenges in measuring the impact of the work of OCHA on the lives of the affected people, given its coordination role, the Office's standard performance indicators needed to provide a reasonable balance between preparing high quality documents/processes and ensuring that the needs of the affected people were met in a timely manner.

40.   In addition, while standardization of KPIs across all field operations had several benefits, there was a need to incorporate the local context in some indicators. For instance, in South Sudan, the OCHA Country Office response effort involved significant interactions between humanitarian players and the peacekeeping mission (UNMISS). This method of working influenced the performance of the OCHA Country Office. However, as this was not always the case, the standard KPIs were designed to measure the performance of an OCHA country office operating within the Resident/Humanitarian Coordinator environment where there was more capacity within the national authorities and well-established national NGOs. As a result, the standard KPIs applied to the OCHA Country Office in South Sudan were not fully

effective in measuring the Country Office's performance, as there was no clear definition of roles and responsibilities between UNMISS and humanitarian partners when working within UNMISS bases.

41.   The lack of adequately tailored KPIs resulted as the OCHA Country Office in South Sudan did not consider developing KPIs that were aligned with its strategic objectives. This increased the risk that its performance could not be adequately measured, or was being incorrectly reported on. The need for more situation-specific KPIs aligned to strategic objectives was first identified in the CERF narrative report on the January 2014 rapid response window.

> **(4) OCHA should revise the use of process-based key performance indicators in the country results framework to focus more on outcome indicators in line with the goals in its strategic plan, and review the amount of time invested in key products (such as the Humanitarian Response Plan) vis-à-vis their impact on the lives of the affected people.**
>
> *OCHA accepted recommendation 4 and stated that given the four-year cycle of the current strategic plan 2014-2017, this work would be completed with a view to be rolled out for the next cycle.* Recommendation 4 remains open pending issuance of updated outcome-based KPIs.

<u>Umoja transition had a negative impact on the management of resources and delivery of support services</u>

42.   According to the senior managers' compact for 2015, the Under-Secretary-General for Humanitarian Affairs was required to engage with Umoja Process Owners to implement the Secretary-General's memorandum on 'Collaboration with Umoja Process Owners' dated 23 January 2013, and facilitate the implementation of a common operating model in the Secretariat. In that context, OCHA was expected to introduce changes to its processes, policies, roles, responsibilities, etc., which were required to implement the Umoja solution.

43.   OCHA transitioned from the Integrated Management Information System (IMIS) to Umoja on 1 June 2015. Since the implementation of Umoja, the services procured from the local service provider reduced significantly. This gave rise to a number of significant operational challenges that the Country Office faced and communicated to the Administrative Services Branch in Geneva and the Coordination and Response Division in New York. Some of the challenges are highlighted below:

- <u>Reporting</u>: Management reporting functionality had not yet been fully developed in Umoja. The Country Office could not view the funding status of cost plans as it could not generate reports of actual expenses against the cost plan. There was also no way of tracking outstanding obligations.

- <u>Interagency procurement arrangements</u>: The Country Office relied on air transportation to reach most parts of South Sudan, and the United Nations Humanitarian Air Service (UNHAS) was essentially the only option available to provide flights. OCHA also had a contract with UNMISS for the purchase of fuel for Juba and field locations. The Country Office indicated that it was required to go through elaborate procurement processes akin to the formal procurement process when attempting to renew existing memoranda of understanding with UNHAS for humanitarian flights, UNMISS for fuel, and the World Food Programme for the migration from analog to digital radios. While the interagency agreement for radios had since been executed, there were significant delays in processing the UNMISS and UNHAS agreements. This was despite the fact that United Nations Financial Rules provided an exception to the use of formal methods of solicitation "when the proposed procurement contract is the result of cooperation with other organizations of the United Nations system."

- Travel: Between June and September 2015, the Country Office reported that for the 10 flights booked during that period, it paid $16,412 more in travel costs than it would have paid if it had continued to use a local travel agent. That was because of the requirement to use two approved international travel agents for flight bookings instead of using local travel agents engaged through long–term agreements with UNDP. In addition, the payment of travel entitlements was taking longer than it did before Umoja implementation.

44.   Although the Department of Management conducted change impact analyses to determine how the implementation of Umoja would impact the United Nations Secretariat's business processes and to develop and implement procedures to ensure a smooth transition, the risks to the South Sudan Country Office were not effectively mitigated, as evidenced by the significant challenges experienced since the implementation of Umoja.

> **(5) OCHA should conduct change impact analyses to determine the overall impact of transitioning to Umoja on its emergency operations and develop and implement viable solutions.**
>
> *OCHA accepted recommendation 5 and stated that, as an interim solution, the Country Office had reverted to procurement via a local service provider where possible, particularly in light of continued delays in the procurement of basic services, including for partnership agreements with other United Nations entities.* Recommendation 5 remains open pending completion of change impact analyses and implementation of viable solutions to address operational challenges arising from the transition to Umoja.

Information and communications technology (ICT) services were procured without a contract

45.   United Nations Financial Rules require that acquisitions exceeding $4,000 should be supported by a valid contract.

46.   OCHA South Sudan used a local service provider for its mobile phone and internet services that cost $165,382 from January 2014 to September 2015 without a contract. OCHA South Sudan continued to procure services from a legacy vendor without validating the arrangement's compliance with Financial Regulations and Rules. While a formal procurement process for the services was initiated after Umoja implementation, the local service provider continued providing the services without a contract under special clearance from the Administrative Services Branch in Geneva pending completion of the procurement process. Consequently, OCHA may not be realizing the best value for money from its current vendor.

> **(6) The OCHA Country Office in South Sudan should establish a contract for information and communication technology services in compliance with the established procurement process.**
>
> *OCHA accepted recommendation 6 and stated that it was working closely with relevant service providers to finalize the establishment of contracts for all services, including contracts for the provision of the ICT services.* Recommendation 6 remains open pending finalization of the contract for ICT services.

Procedures were needed to cancel unused flight bookings timely and avoid penalty charges

47.   The standard administrative and operating procedures for UNHAS required passenger cancellations to be communicated to UNHAS Booking Offices in writing by a Focal Point of the User, no

later than 10:00 AM on the last working day preceding the date of booked flight, or by contacting WFP/UNHAS representatives in the field.   The procedures also specified that late passenger cancellations, as well as "no shows", could be penalized.

48.   During the period from January 2014 to 15 September 2015, total expenditures for UNHAS flights amounted to $595,724. UNHAS started charging for "no shows" from July 2014. UNHAS flight expenditures from July 2014 to September 2015 amounted to $419,893, of which more than $35,000 or 8 per cent was related to "no shows". The OCHA Country Office in South Sudan attributed the frequency and magnitude of "no shows" primarily to last minute priority changes that were deemed necessary in an L-3 emergency. OCHA had no system in place to cancel UNHAS flights within the allowed cancellation period when staff members could not take the flight due to priority changes. As a result, expenses were incurred on services that were not actually rendered.

> **(7) The OCHA Country Office in South Sudan should establish a mechanism to promptly cancel UNHAS flight bookings when the flights can no longer be taken due to priority changes.**
>
> *OCHA accepted recommendation 7 and stated that it was taking the necessary steps to establish a mechanism to promptly cancel bookings no longer required.* Recommendation 7 remains open pending finalization of an appropriate mechanism to minimize penalty charges for "no shows".

IV.   ACKNOWLEDGEMENT

49.   OIOS wishes to express its appreciation to the Management and staff of OCHA for the assistance and cooperation extended to the auditors during this assignment.

(*Signed*) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of Office for the Coordination of Humanitarian Affairs operations in South Sudan

Recom. no.	Recommendation	Critical[2]/ Important[3]	C/ O[4]	Actions needed to close recommendation	Implementation date[5]
1	The OCHA Country Office in South Sudan should, in collaboration with the Humanitarian Coordinator, develop a monitoring framework that provides adequate safeguards for the operational independence of the monitoring function.	Important	O	Submission of evidence that a monitoring framework that safeguards the operational independence of the monitoring function has been finalized.	31 December 2016
2	OCHA should, in collaboration with the Humanitarian Coordinator, review the services that the Managing Agent was required to provide under the terms of reference for the South Sudan Common Humanitarian Fund and identify any gaps in services rendered.	Important	O	Notification of the results of the review of services provided by the Managing Agent and corrective measures initiated to address any gaps identified.	30 September 2016
3	The OCHA Country Office in South Sudan should, in collaboration with the Humanitarian Coordinator, establish a mechanism to document regular project monitoring and other oversight activities of the Participating United Nations Organizations, including the Managing Agent, and summarize actions taken to address any challenges faced in project implementation.	Important	O	Submission of the framework developed to enhance complementarity of the monitoring and oversight efforts of the Managing Agent and PUNOs.	31 December 2016
4	OCHA should revise the use of process-based key performance indicators in the country results framework to focus more on outcome indicators in line with the goals in its strategic plan, and review the amount of time invested in key products (such as the Humanitarian Response Plan) vis-à-vis their	Important	O	Submission of documentation evidencing issuance of updated outcome-based KPIs.	31 December 2017

[2] Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

[3] Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

[4] C = closed, O = open

[5] Date provided by OCHA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of Office for the Coordination of Humanitarian Affairs operations in South Sudan

Recom. no.	Recommendation	Critical[2]/ Important[3]	C/ O[4]	Actions needed to close recommendation	Implementation date[5]
	impact on the lives of the affected people.				
5	OCHA should conduct change impact analyses to determine the overall impact of transitioning to Umoja on its emergency operations and develop and implement viable solutions.	Important	O	Submission of documentation of Umoja post implementation impact analysis, and evidence that viable solutions to address operational challenges arising from the transition to Umoja have been implemented.	31 December 2016
6	The OCHA Country Office in South Sudan should establish a contract for information and communication technology services in compliance with the established procurement process.	Important	O	Submission of a copy of the contract for ICT services.	31 July 2016
7	The OCHA Country Office in South Sudan should establish a mechanism to promptly cancel UNHAS flight bookings when the flights can no longer be taken due to priority changes.	Important	O	Submission of evidence that an appropriate mechanism to minimize penalty charges for "no shows" has been finalized.	31 December 2016

APPENDIX I

Management Response

TO: Ms. Muriette Lawrence-Hume, Chief,
A: New York Audit Service,
Internal Audit Division, OIOS

DATE: 7 April 2016

REFERENCE:

FROM: Stephen O'Brien, Under-Secretary-General for
DE: Humanitarian Affairs

SUBJECT: **Response to the draft report on the audit of OCHA**
OBJET: **operations in South Sudan (AN2015/590/04)**

1. In reference to your memorandum dated 4 March 2016, I am enclosing OCHA's management response on the recommendations as contained in Appendix I.

2. I would also like to clarify OCHA's position regarding some of the observations in the report. In terms of paragraph 56, it seems that OCHA's comprehensive involvement in preparing for the roll out of Umoja is misrepresented. Within its delegated authority, OCHA did conduct change impact analyses to determine how Umoja would impact its business processes and to develop and implement procedures to ensure a smooth transition.

3. In addition to activities complementing the formal project management track, the enclosed Umoja Realisation Plan Scorecard and the Umoja Site Readiness Assessments document preparatory activities in this regard. It should be noted that OCHA as a Secretariat entity follows the procedures established by the Department of Management, and as such is subject to processes established by the roll out of Umoja.

4. I also note that paragraph 55 (second bullet) makes an observation regarding "*elaborate procurement processes akin to the formal procurement process*" while recommendation 6 notes that OCHA should establish a contract "*in compliance with the established procurement process*".

5. On the one hand, it appears that OIOS recognizes that OCHA is subject to cumbersome procurement processes, while on the other hand OIOS is requesting OCHA to engage in those. Clearly this would represent an opportunity for OIOS to either note that Office of Central Support Services should revisit procurement processes with a view to streamline these, or that OCHA should be granted special measures to fast track its procurement needs.

6. Thank you for your attention to this matter.

cc: B. Jones

Management Response

Audit of Office for the Coordination of Humanitarian Affairs operations in South Sudan

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The OCHA Country Office in South Sudan should, in collaboration with the Humanitarian Coordinator, develop a monitoring framework that: (i) complements Managing Agent and Participating United Nations Organizations monitoring of CHF projects and minimizes overlapping responsibilities; and (ii) provides adequate safeguards for the operational independence of the monitoring function.	Important	Yes	Head of Office	31 December 2016	Following a transition period, from July 2016 a reduced number of M&R Specialists will work directly from OCHA under the supervision of the CHF Technical Secretariat, rather than from within the clusters, to promote operational independence of the monitoring function.\n\nOnce the revised arrangements are in place, consideration will be given to the development of a monitoring framework that enhances complementarity of the efforts of the MA and the PUNOs.
2	OCHA should, in collaboration with the Humanitarian Coordinator, review the services that the Managing Agent was required to provide under the terms of reference for the South Sudan Common Humanitarian Fund, identify any gaps in services rendered and recover the associated administrative fees for undelivered services.	Important	Partially	Head of Office	30 September 2016	OCHA does not accept the part of the recommendation to recover administrative fees from UNDP, but has requested that UNDP addresses any gaps within their own costs.\n\nOCHA agrees to review and compare the services provided by UNDP and the services that UNDP is required to provide under the ToR.
3	The OCHA Country Office in South Sudan should, in collaboration with the Humanitarian Coordinator, establish a	Important	Yes	Head of Office	31 December 2016	This recommendation is understood to be encompassed by recommendation 1 above (i.e. a

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[1] Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

[2] Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of Office for the Coordination of Humanitarian Affairs operations in South Sudan

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	mechanism to document regular project monitoring and other oversight activities of the Participating United Nations Organizations, including the Managing Agent, and summarize actions taken to address any challenges faced in project implementation.					monitoring framework that enhances complementarity of the efforts of the MA and the PUNOs).
4	OCHA should revise the use of process-based key performance indicators in the country results framework to focus more on outcome indicators in line with the goals in its strategic plan, and review the amount of time invested in key products (such as the Humanitarian Response Plan) vis-à-vis their impact on the lives of the affected people.	Important		SPEGS	31 December 2017	Given the four-year cycle of the current Strategic Plan 2014-2017, this work would be completed with a view to be rolled out for the next cycle.
5	OCHA should conduct change impact analyses to determine the overall impact of transitioning to Umoja on its emergency operations and develop and implement viable solutions.	Important	Yes	ASB n/a	31 December 2016 n/a	OCHA agrees that a timely review of the impact of the introduction of Umoja on the Country Office's operations, particularly on the procurement of critical services/goods and payment of staff entitlements, is urgently needed. As an interim solution, the CO has reverted to procurement via a local service provider wherever possible, particularly in light of continued delays in the procurement of basic services (including for partnership agreements with other UN entities).
6	The OCHA Country Office in South Sudan should establish a contract for	Important	Yes	ASB/Head of Office	31 July 2016	OCHA is currently working closely with relevant service providers to

Management Response

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	information and communication technology services in compliance with the established procurement process.					finalize the establishment of contracts for all services, including contracts for the provision of the ICT services.
7	The OCHA Country Office in South Sudan should establish a mechanism to promptly cancel UNHAS flight bookings when the flights can no longer be taken due to priority changes.	Important	Yes	Head of Office	31 December 2016	OCHA recognizes the need for improvement and is taking the necessary steps to establish a mechanism to promptly cancel the bookings no longer required. Auditors have revised their earlier comments based on OCHA's rejection of the initial figures reported on the expenditure/ penalties due to the no-shows from 14% to 8%. Recommendation as per final draft report is therefore acceptable (i.e. 8% of the total spending on local travel through UNHAS for the period audited).