



## INTERNAL AUDIT DIVISION

### REPORT 2017/014

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Audit of the operations of the Office for Coordination of Humanitarian Affairs in Ethiopia

While the Country Office in Ethiopia established an effective coordination process to manage the emergency humanitarian response, controls related to managing implementing partners and human resources needed to be strengthened

17 March 2017  
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# **Audit of the operations of the Office for the Coordination of Humanitarian Affairs in Ethiopia**

## **EXECUTIVE SUMMARY**

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the operations of the Office for the Coordination of Humanitarian Affairs (OCHA) in Ethiopia. The audit covered the period from January 2014 to October 2016 and reviewed: (i) coordination of the emergency humanitarian response; and (ii) management of staff and other resources allocated to the Country Office.

While OCHA Ethiopia established an effective coordination process to manage the emergency humanitarian response, controls related to managing implementing partners and human resources needed to be strengthened.

OIOS made four important recommendations. To address issues identified in the audit, OCHA needed to:

- Seek legal advice from the Office of Legal Affairs on agreements related to the disbursement of funds for implementation by a consortium of implementing partners and develop policies to ensure that adequate controls are in place to safeguard resources made under this funding modality;
- Prioritize the audits of operationally completed projects implemented by Implementing Partner A, while closely monitoring the implementation of ongoing projects in conjunction with the Funding Coordination Section;
- Ensure that all staff members complete the annual staff evaluation process within the deadline set by the administrative instruction on the performance management and development system; and
- Ensure that all staff members complete United Nations mandatory training courses.

OCHA accepted the recommendations and has initiated action to implement them.

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# **Audit of the operations of the Office for the Coordination of Humanitarian Affairs in Ethiopia**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the operations of the Office for the Coordination of Humanitarian Affairs (OCHA) in Ethiopia.
2. OCHA is responsible for bringing together humanitarian actors to ensure a coherent response to emergencies in accordance with General Assembly resolution 46/182 dated 19 December 1991. OCHA started operations in Ethiopia in 2001 and is involved in coordinating the humanitarian response to disasters triggered by natural hazards such as floods, droughts and outbreaks of diseases, and complex, conflict-related crises.
3. Ethiopia is experiencing one of the worst droughts in decades. The two main rainy seasons that supply over 80 per cent of Ethiopia's agricultural yield and employ 85 per cent of the workforce did not occur in 2015 driving food insecurity, malnutrition and water shortages in affected areas of the country.
4. The Government of Ethiopia is leading the humanitarian response through the establishment of a Joint Coordination Structure. It launched a Humanitarian Requirements Document (HRD) in December 2015 with support from the international humanitarian community and is working to scale-up the delivery of emergency services as presented in the HRD. In its mid-year review, the HRD outlined the needs for 2016 seeking \$1.62 billion to help with emergency food assistance, water, sanitation and hygiene, education and emergency shelter. As of October 2016, the funding level of the HRD was about 65 per cent leaving a gap of \$582 million.
5. For its programmatic humanitarian response activities, OCHA established a country-based pooled fund (CBPF) named the Ethiopia Humanitarian Fund (EHF) in support of the overall HRD funding by the Government of Ethiopia, donors, United Nations agencies and other humanitarian partners. For the period January 2014 to October 2016, the EHF received \$121.4 million in contributions from donors. A total of \$108 million was allocated to fund 159 humanitarian response projects for the same period. Allocations of \$70.6 million from the Central Emergency Response Fund (CERF) were also made to eight United Nations agencies for the same period. The management of these funds is under the responsibility of the Humanitarian Coordinator with the operational support of the OCHA Country Office in Ethiopia.
6. The OCHA Country Office operated with a budget of \$6.1 million in 2016 and an authorized staffing table of 64 posts: 13 internationals and 51 nationals. The Head of Office, at the P-5 level, was responsible for managing the Office. The Head of Office reported to the Director of the Coordination and Response Division, and worked closely with the Humanitarian Coordinator, the Director of Corporate Programmes and the Executive Officer in OCHA.
7. Comments provided by OCHA are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

8. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over OCHA operations in Ethiopia.

9. The audit was included in the 2016 risk-based work plan of OIOS due to the risks related to: (i) coordinating emergency response needs assessment under the HRD; (ii) overseeing the programming and management of EHF and CERF projects totaling \$178.6 million; and (iii) managing staff and other resources in the OCHA Country Office.

10. OIOS conducted this audit from September to November 2016. The audit covered the period from January 2014 to October 2016. Based on an activity-level risk assessment, the audit covered higher and medium risks in OCHA's operations in Ethiopia, which included coordination of humanitarian emergency response and management of staff and other resources allocated to the Country Office.

11. The audit methodology included: (a) interviews of key personnel as well as Government partners, United Nations agencies, members of the Humanitarian Country Team (HCT), donors, cluster leads at the federal and regional levels, national and international non-governmental organizations (NGOs) and implementing partners; (b) reviews of relevant documentation; and (c) project site visits to consult with implementing partners and regional cluster members.

### **III. OVERALL CONCLUSION**

12. OCHA was effective in coordinating key aspects of the humanitarian response in Ethiopia within a Joint Coordination Structure under the leadership of the Government of Ethiopia. The 2016 HRD was an effective framework for the emergency response and the EHF was generally operating adequately. However, OCHA needed to strengthen controls over implementing partner-related processes, specifically to: (i) seek legal advice regarding disbursement of funds to a consortium of NGOs and develop policies to safeguard resources made available to participating NGOs under this funding modality; and (ii) prioritize the audits of all operationally-completed projects implemented by an implementing partner that was under suspension. OCHA also needed to improve management of human resources by evaluating the performance of staff by the established deadline and ensuring that they undertake mandatory training.

### **IV. AUDIT RESULTS**

#### **A. Coordination of emergency humanitarian response**

The coordination of the response to the Ethiopian humanitarian emergency was adequately managed

13. The Inter-Agency Standing Committee (IASC) Transformative Agenda Principles require the establishment of an adequate humanitarian response framework including, among others, coordination as one of the essential enablers for a successful emergency humanitarian response.

14. OCHA declared the humanitarian impact of El Nino in Ethiopia and the ensuing effect on food production and water for livestock as a corporate emergency in April 2016. This required all OCHA offices to provide their full support and prioritize and fast-track requests to support the emergency. Other United Nations agencies in the country also declared their own corporate emergencies to support their operations in Ethiopia. The Government of Ethiopia led the humanitarian response through the establishment of a Joint Coordination Structure, which included the humanitarian community implementing key coordination mechanisms such as clusters/sectors.

15. Overall, OIOS observed that OCHA was effective in coordinating key aspects of the response within the Joint Coordination Structure. OCHA Ethiopia coordinated with United Nations agencies and other humanitarian partners to conduct assessments necessary to develop the HRD. The Country Office aggregated the data and synthesized it into reports to the Ethiopian Government and humanitarian

partners. It also liaised between the Ethiopian Government and humanitarian partners including donors to ensure a common approach in providing an adequate response to humanitarian needs.

16. The 2016 HRD was comprehensive in determining the humanitarian needs and setting priorities and was seen as an effective framework for the response. According to partners, OCHA played a major role in getting the Government and donors locally as well overseas to adopt the HRD. Ethiopia's 2016 HRD is comparatively well funded with more than \$1 billion in contributions as of October 2016 or 65 per cent of the requirements covered, with the Government of Ethiopia contributing more than \$200 million.

17. A report of the OCHA Donor Support Group mission to Ethiopia in April 2016 praised the role and leadership of OCHA in effectively managing the humanitarian emergency response and recognized the strong and professional engagement of the Government of Ethiopia. It further stated that OCHA's leadership and approach in Ethiopia should be the model for managing OCHA operations globally and as best practice for other governments to follow. Therefore, OIOS concluded that OCHA's coordination of the response to the Ethiopian humanitarian emergency was adequately managed.

#### A lessons learned exercise of the humanitarian response in Ethiopia was initiated

18. OCHA policy documents require the Office to identify lessons learned through the evaluation of the humanitarian response to enhance effectiveness and accountability of those involved.

19. The monitoring mechanism of the humanitarian response consisted of several processes/actions to assess execution of the response strategy and report on implementation progress and challenges. Periodic monitoring reports were produced and mid-year reviews were conducted against the HRD to identify lessons learned and determine whether strategies needed to be refocused as a result of emerging situations. However, there had not yet been an evaluation of the humanitarian response in Ethiopia under the purview of IASC. OCHA indicated that as the response is government-led and there had been no Level 3 declaration, the Country Office, under the leadership of the Humanitarian Coordinator and in collaboration with the humanitarian partners, had initiated a lessons learned exercise in October 2016 to assess the successes and challenges of the implementation of the humanitarian emergency response. Therefore, OIOS did not make a recommendation in this regard.

#### Programming, allocation and implementation of EHF projects were generally adequate

20. All CBPFs are required to develop a fund-specific accountability framework that incorporates risk management, partner capacity and financial and programmatic reporting.

21. The EHF incorporated documented risk management and monitoring frameworks. The activities of the Fund were carried out under the authority of the Humanitarian Coordinator with advice from the Advisory Board and the Review Board. Their roles include: (a) supporting the Humanitarian Coordinator in developing an overall strategy and overseeing the performance of the EHF; and (b) reviewing proposals submitted through the reserve and standard allocation modalities and recommending selected proposals to the Humanitarian Coordinator for approval. OCHA's Humanitarian Financing Unit (HFU) is responsible for the daily management of all programmatic and financial aspects of the EHF on behalf of the Humanitarian Coordinator and under the overall supervision of the OCHA Head of Office.

22. During the audit period, 159 EHF projects with total funding of about \$108 million were implemented. The main funding modality was the reserve allocation, which was used for proposals responding to the humanitarian needs gaps identified in the HRD and other emerging humanitarian needs. Through this modality, 65 per cent or about \$76.4 million of the funds were programmed during the audit

period. The standard allocation process included a strategic review of projects, which were approved by the Humanitarian Coordinator in consultation with the Advisory Board. As of October 2016, about \$41 million or 35 per cent of the EHF funds had been programmed under this modality.

23. OIOS selected and reviewed 30 EHF projects valued at \$20.3 million. Twenty-four projects were funded through a reserve allocation (\$16.4 million) and six projects (\$3.9 million) through a standard allocation. The sample included 23 completed and 7 ongoing projects. Project proposals were prepared, evaluated and selected in accordance with the EHF operational manual. All projects had agreements that were signed by both parties. Seventeen projects had submitted the required final financial and narrative reports. The final financial and narrative reports for the remaining 13 projects were not due during the audit. OIOS concluded that controls over EHF projects were generally operating adequately, except for the matters discussed below.

#### EHF operational manual needs to be reviewed

24. The EHF operational manual is expected to be comprehensive and include provisions on key operations to ensure that funds allocated from EHF are managed effectively.

25. The EHF operational manual, developed in line with the CBPF Handbook, detailed the key processes guiding the management of the Fund including risk management, allocation of funds, monitoring and audits. The manual did not have, however, any provisions on the risk-based strategy for auditing completed projects and handover of project assets upon completion.

26. For example, although OCHA Ethiopia had established risk profiles for implementing partners of EHF projects and used these as a basis for monitoring and other oversight activities, it did not use the profiles to determine which NGOs should be audited. Instead, it was commissioning 100 per cent audit coverage of all NGO-implemented projects. The current audit plan includes 48 projects to be audited by one firm at a total cost of \$45,675. The budgets of the projects ranged from \$73,000 to \$2.5 million. Some audit costs could have been saved had the HFU considered a risk-based approach, focusing on the high volume, high risk projects/partners. OCHA Ethiopia indicated that the operational manual did not include provisions on partner risk-based audits because related guidelines had not yet been reflected in the CBPF Handbook. OIOS also observed that provisions on the procurement of audit services in the CBPF Handbook were not consistent with current procurement policies, as it states that the procurement of audit services must be done through the OCHA Country Office and a local service provider, even though the Office had no delegated procurement authority.

27. With regard to project asset handover, NGOs implementing EHF projects were expected to handover wells and other structures to the communities or local governments. However, there was no policy stating how this was to be done and documented, and agreements between OCHA and the NGOs also did not include any provisions in this regard. OCHA Ethiopia indicated that there was an agreement between local governments and the implementing NGO for each project; however, copies of these agreements were not available. There were therefore no records of what assets had been handed over, which party had custody or ownership of the assets and which party was responsible for their accountability and maintenance.

28. Inadequate controls relating to these processes may reduce transparency and increase the risks of administering and using EHF resources. OCHA stated that it was currently developing the guidance for partner risk-based audits and was working with the Procurement Division to establish a global long term contract for risk-based audit services, which was expected to be completed by 30 September 2017. It was also reviewing the CBPF Handbook and will review the guidelines to ensure that they are aligned with current procurement policies. OCHA should also take this opportunity to provide guidance on the

handover of assets on completion of projects. In light of ongoing OCHA actions, OIOS did not make a recommendation on these issues at this time.

Written policies and appropriate agreements were needed for the pass-through funding modality

29. Grant agreements with implementing partners constitute the framework for implementing projects and allow OCHA to monitor compliance with the terms and use of the funds. The agreements are expected to be adequately designed to address any potential legal and accountability gaps.

30. OIOS observed that OCHA Ethiopia had adopted a pass-through modality whereby a consortium of NGOs was formed to implement EHF-funded activities. OCHA signed an agreement and disbursed funds to a lead NGO. The latter in turn signed agreements and disbursed funds to participating NGOs to implement activities. Three projects totaling about \$7 million were approved under this modality involving two lead NGOs and seven participating NGOs. This practice was not formally stated as an implementation strategy in the EHF operational manual nor was there evidence that it was cleared by the governing bodies of the EHF, the Funding Coordination Section (FCS), and the Executive Officer. Furthermore, the process prior to signing the agreements was not adequately documented. Unlike cases where NGOs select their own sub-implementing partners, OCHA Ethiopia, through the clusters, designated the participating NGOs in this modality. However, only the lead NGO signed agreements with the participating NGOs and there was no mention of the participating NGOs in the agreement between OCHA and the lead NGO. OCHA therefore had no legal recourse over the funds disbursed to the participating NGOs nor were they accountable to OCHA. By selecting the sub-implementing partners, OCHA also potentially diluted any recourse it had with the lead NGO.

31. OCHA Ethiopia stated that it adopted the pass-through modality to expedite project delivery. Without adequate procedures however, there is a risk that OCHA may not be able to exercise its legal rights over funds disbursed to participating NGOs, particularly in case of their failure to implement the activities as planned.

**(1) OCHA Ethiopia should: (i) seek legal advice from the Office of Legal Affairs on agreements related to the disbursement of funds for implementation by a consortium of implementing partners; and (ii) develop policies to ensure that adequate controls are in place to safeguard resources made under this funding modality.**

*OCHA Ethiopia accepted recommendation 1 stating that it would consult with the Office Legal Affairs on revising grant agreements and policies for consortium projects. The Country Office would also comply with the guidance and frameworks provided by OCHA. Recommendation 1 remains open pending receipt of evidence that OCHA Ethiopia has sought legal advice and developed policies for consortium projects.*

OCHA Ethiopia was taking steps to review, address and escalate cases of potential financial risks

32. Programme managers are responsible for identifying, mitigating and managing risks in their areas of responsibility.

33. During the period under audit, OCHA Ethiopia escalated to the Humanitarian Coordinator a case of inappropriate use of funds by an implementing partner. A United Nations agency had submitted a financial report and a narrative report with “estimated” data after completion of a project in 2015. The HFU rejected the financial report as its repeated monitoring visits could not identify the project’s activities separately from routine activities of the agency. OCHA Ethiopia subsequently notified the



agency that it would not provide further funding until the issue was resolved. A new management at the agency provided a promissory note and assurance to resolve the issue, and subsequently conducted an internal investigation and agreed to refund \$187,544. As the agency was in the process of refunding the amount, OIOS did not make a recommendation on this issue.

34. OCHA Ethiopia became aware that a major donor had audited the head office and global operations of Implementing Partner A, which is also one of OCHA Ethiopia's implementing partners. The audit resulted in suspension of funding by the donor to this implementing partner globally, which represented a major threat to its financial sustainability. Consequently, OCHA Ethiopia: (i) assessed the risks that could result from the potential bankruptcy of the implementing partner and the impact on EHF-funded projects in Ethiopia; (ii) fielded a team to assess the effectiveness of controls over the implementing partner's procurement activities; and (iii) decided in conjunction with the Administrative Service Branch (ASB) to suspend any further grants to the implementing partner until further notice.

35. Implementing Partner A was implementing five EHF-funded projects totaling \$11.2 million of which about \$9 million or 80 per cent had been disbursed. Based on its assessment, OCHA Ethiopia estimated its financial exposure to be about \$3.7 million; whereas OIOS believes that the exposure could be much higher since the projects are still ongoing or had been completed but not yet audited to determine the propriety of the expenditures.

36. Although OCHA Ethiopia continues to monitor the case and keep the Humanitarian Coordinator and OCHA Headquarters updated, there is a risk that the funds disbursed to the implementing partner may not be fully used for the intended purposes therefore jeopardizing humanitarian assistance operations in Ethiopia.

**(2) OCHA Ethiopia should, in conjunction with the Funding Coordination Section, prioritize the audits of operationally-completed projects implemented by Implementing Partner A, while closely monitoring the implementation of ongoing projects.**

*OCHA accepted recommendation 2 stating that the ongoing projects would be audited as soon as they are completed. Recommendation 2 remains open pending receipt of audit and monitoring reports relating to projects implemented by Implementing Partner A.*

CERF allocations were appropriately prioritized and reports were submitted timely

37. CERF guidelines require humanitarian coordinators to ensure that grant requests are made based on priorities highlighted for the humanitarian response. Country narrative reports on CERF allocations are to be submitted to the CERF secretariat within three months of the expiration date of the grant.

38. Following meetings of cluster leads and the HCT, United Nations agencies applying for CERF grants jointly discussed priority requirements of each sector at their specific coordination fora. Priorities were identified according to the analyses included in the HRD prioritization statement and the mid-year humanitarian needs review. Cluster leads ensured alignment and coherence of proposed projects with the HRD requirements, particularly focusing on lifesaving projects and interventions targeting the most critical unmet needs. About \$70.6 million were allocated to United Nations agencies in Ethiopia for the audit period, funding 31 projects. Narrative reports for CERF allocations for January 2014 to December 2015 for rapid response and underfunded emergency allocations were submitted timely. Therefore, OIOS concluded that CERF allocations were appropriately prioritized and reports submitted timely.

## Cross-cutting issues

39. There was no clarity regarding the source of resources for the Country Office to perform CERF-related activities, including monitoring and reporting on the status of project implementation. CERF secretariat stated that humanitarian financing, including CERF activities is a core responsibility of OCHA and not an “additional” task; therefore, OCHA country office support of CERF-related activities should be planned for and funded as part of the regular country office work within its existing resources.

40. There were also no formalized monitoring activities in OCHA Ethiopia to inform the Humanitarian Coordinator of the progress of CERF-funded activities, nor was there a feedback mechanism for the United Nations agencies implementing projects to inform the Humanitarian Coordinator on the issues identified by the respective agencies’ assurance activities. However, during the audit, an after-action review of CERF projects was presented to the HCT to inform on best practices, lessons learned, and challenges in the management of CERF projects.

41. In an earlier audit report, OIOS had recommended that OCHA, in collaboration with the CERF secretariat, review the workload related to the CERF reporting process and allocate the necessary resources to ensure quality and timeliness of reporting. As a result, OIOS did not make any recommendation in the present report.

### **B. Management of staff and other resources in the Country Office**

#### Office work plans were adequately developed, monitored and reported on

42. OCHA established a two-year planning cycle to strengthen country strategies and to establish a standard results framework for field offices. The OCHA policy instruction on the roles and responsibilities of country offices requires them to review their work plans at least once a year to account for lessons learned and changes in the operating environment.

43. The Country Office in Ethiopia developed annual work plans for 2014, 2015 and 2016 in line with corporate strategies and the specific country objectives. OIOS observed that the 2016 plan took into consideration the priorities defined by OCHA, the HCT and the objectives of the Joint Coordination Structure. The Country Office’s work plans were associated with its annual cost plans, which were \$4.5 million for 2014, \$4.9 million for 2015 and \$6 million for 2016. The expenditures for the same periods were \$4.5 million or 100 per cent, \$3.6 million or 72 per cent, and \$4.6 million as of October 2016 or 76 per cent, respectively. The relatively low budget performance rate in 2015 was due to vacancies, as posts were only filled towards the end of the year.

44. For local expenditures, OCHA Geneva submitted financial authorizations to the local service provider based on a signed service level agreement. The administrative and finance unit monitored the expenditures against financial authorizations on a monthly basis, while ASB Geneva managed expenditures related to international staff salaries and other payments through Umoja. OIOS observed that there was a delay in posting OCHA Ethiopia expenditures in Umoja due to late processing of Inter-Office Vouchers (IOVs) of about three months. According to OCHA Ethiopia, as of October 2016, ASB Geneva had only submitted IOV expenditures to June 2016 for verification. As the implementation of Umoja matures, OCHA would catch up with the delays, therefore, OIOS concluded that controls over local expenditures were adequate.

The Country Office's vacancy rate was low but the status of key vacant posts needed to be reviewed

45. A key objective in the OCHA management plan 2014-2017 is to ensure that OCHA is staffed with the right people at the right time, in part through reducing its field vacancy rate.

46. OIOS obtained and reviewed the organizational chart of OCHA Ethiopia for the period under review. The organization structure was adequate and the reporting lines were clearly defined. Also, roles and responsibilities as well as supervision were clearly established in staff members' job descriptions. All posts were encumbered in 2014. The vacancy rate for 2015 and 2016 were 4 and 6 per cent respectively. However, the posts of Field Coordinator and Information Management Officer were filled with surge staff, whose temporary contracts will expire in December 2016 and April 2017, respectively. Both posts are essential in the current context of the corporate emergency response. OIOS also observed that the post of Deputy Head of Office became vacant during the audit and OCHA initiated action to fill it. High turnover in these critical posts could significantly impact OCHA Ethiopia's ability to fulfill its mandate. However, OCHA indicated that it was examining recruitment modalities across the Office to consider the implication of the new staff mobility policy. In light of this, OIOS did not make a recommendation at this time.

The completion rate of annual staff performance evaluations was low

47. According to the administrative instruction on the performance management and development system (ST/AI/2010/5), each office is expected to complete performance evaluation of staff by 30 June of each year.

48. The completion rates for staff members' annual performance evaluations for 2014/2015 and 2015/2016 cycles were 54 per cent and 13 per cent, respectively. OCHA Ethiopia's management stated that the workload during the emergency was significant and as a result staff members were working long hours. The Country Office's focus was more on delivering the emergency response than completing administrative tasks. However, the lack of performance evaluation could lead to loss of morale due to loss of career development opportunities for staff. This in turn could negatively affect OCHA Ethiopia's ability to fulfill its mandate.

**(3) OCHA Ethiopia should take action to ensure that all staff members complete the annual staff evaluation process within the deadline set by the administrative instruction on the performance management and development system.**

*OCHA Ethiopia accepted recommendation 3.* The recommendation remains open pending submission of evidence of the steps taken to ensure timely completion of the annual staff evaluation process.

Mandatory training needed to be monitored to ensure higher rate of completion by staff members

49. The information circular on United Nations mandatory programmes (ST/IC/2016/15) defined the current mandatory programmes for staff members of the United Nations Secretariat.

50. OIOS noted that only 29 per cent of staff members had completed the mandatory United Nations training courses. Moreover, only 45 per cent had completed the required security training courses. Staff members were not aware of the mandatory training they needed to complete nor were they informed that their security training certificates had expired. Inadequate training of staff could lead to insufficient knowledge of the requirements and principles of the United Nations, adversely affecting the ability of the Country office to fulfill its mandate.

**(4) OCHA Ethiopia should take action to ensure that all staff members complete United Nations mandatory training courses.**

*OCHA Ethiopia accepted recommendation 4. The recommendation remains open pending submission of evidence that all staff members have completed their mandatory training courses.*

Controls over general administrative processes were adequate

51. United Nations Secretariat policies and procedures require adequate controls over administrative processes concerning procurement, recruitment, travel management and expenditure monitoring.

52. OCHA Ethiopia's administrative and financial operations are managed under a comprehensive service level agreement established with a local service provider in 2015. There were two corporate policies underlying the operational administrative arrangements of OCHA Ethiopia: (i) OCHA declared the situation in Ethiopia as a corporate emergency in April 2016 for three months and later extended until end of 2016; and (ii) OCHA, with the agreement of the Department of Management, decided in January 2015 to delay the full deployment of Cluster 3 module of Umoja allowing the field offices to take full advantage of the service level agreement with the local service provider and to meet OCHA operational needs in the field. Likewise, goods procured locally were processed through the local service provider. OIOS selected 30 procurement transactions for review. All transactions were properly invoiced, verified and approved by the authorized staff members in the Country Office.

53. OCHA Ethiopia used the services of consultants or individual contractors to support the Office during the emergency response. Nine consultants were recruited during the audit period using local service provider contracts with fees totaling \$106,662. OIOS selected and reviewed the recruitment process of three consultants who received \$67,292 or 63 per cent of the total expenditures. The recruitment was done in accordance with the guidelines of the local service provider. With regard to travel of staff, OCHA Ethiopia processed travel locally through the local service provider. Travel plans of each organizational unit of the OCHA Country Office were consolidated into a country office plan which was included in the cost plan. For 2016, the travel budget was \$342,282. There were two budget revisions which increased the travel budget by \$170,000 and \$200,000, respectively, increasing the total travel budget to \$712,282. The estimated utilization of travel budget is \$691,973 or 97 per cent of the travel budget. The Head of Office or his deputy approved all travel requests. OIOS reviewed the processes and found controls over travel management as adequate. OIOS concluded that controls over procurement, recruitment, travel, and expenditure monitoring processes were generally adequate.

United Nations agency premises hosting OCHA were surveyed by the Department of Safety and Security

54. The Security Risk Assessment of Ethiopia required updating the risk assessment for the office compound at least once a year. The country specific minimum operating security standards (MOSS) established the security standards for the United Nations in Ethiopia. The Country Office is located in the Economic Commission for Africa compound. It has six sub-offices, which are housed within other United Nations agencies' compounds. The Department of Safety and Security completed MOSS compliance surveys in all the locations. OIOS concluded that controls to ensure security of OCHA Ethiopia's premises were adequate.

Controls related to the protection against sexual exploitation and abuse were strengthened

55. According to the 2013 bulletin of the Secretary-General on the protection against sexual exploitation and abuse (PSEA), heads of departments, offices or missions shall be responsible for creating

and maintaining an environment that prevents sexual exploitation and abuse, and shall take appropriate measures for this purpose.

56. The HCT in its May 2015 meeting discussed the strengthening of the protection cluster to deal with PSEA. As a result, OCHA conducted a mapping of PSEA related actions that can be conducted by OCHA Ethiopia and worked with the United Nations High Commissioner for Refugees focal person to develop a strategy. Due to the focus on the delivery of humanitarian response during the emergency, these activities were not completed until July 2016 when a draft concept note and questionnaire were developed and shared with the protection cluster for review and enrichment. In light of the actions taken by OCHA Ethiopia, OIOS concluded that the Office had strengthened controls related to PSEA. The effectiveness of the controls will be assessed in future audits.

## **V. ACKNOWLEDGEMENT**

57. 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 the operations of the Office for the Coordination of Humanitarian Affairs in Ethiopia

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	OCHA Ethiopia should: (i) seek legal advice from the Office of Legal Affairs on agreements related to the disbursement of funds for implementation by a consortium of implementing partners; and (ii) develop policies to ensure that adequate controls are in place to safeguard resources made under this funding modality.	Important	O	Submission of evidence that OCHA Ethiopia has sought legal advice and developed policies for consortium projects.	31 December 2018
2	OCHA Ethiopia should, in conjunction with the Funding Coordination Section, prioritize the audits of operationally-completed projects implemented by Implementing Partner A, while closely monitoring the implementation of ongoing projects.	Important	O	Submission of copies of audit and monitoring reports relating to projects implemented by Implementing Partner A.	31 December 2017
3	OCHA Ethiopia should take action to ensure that all staff members complete the annual staff evaluation process within the deadline set by the administrative instruction on the performance management and development system.	Important	O	Submission of evidence of the steps taken to ensure timely completion of the annual staff evaluation process.	31 December 2017
4	OCHA Ethiopia should take action to ensure that all staff members complete United Nations mandatory training courses.	Important	O	Submission of evidence that all staff members have completed their mandatory training courses.	31 December 2017

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by OCHA in response to recommendations.

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of the operations of the Office for the Coordination of Humanitarian Affairs in Ethiopia

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	OCHA Ethiopia should: (i) seek legal advice from the Office of Legal Affairs on agreements related to the disbursement of funds for implementation by a consortium of implementing partners; and (ii) develop policies to ensure that adequate controls are in place to safeguard resources made under this funding modality.	Important	Yes	Chief of FCS	Q4 2018	In line with the recommendation, OCHA will consult with OLA on revision of the grant agreement and policies for consortium projects.  CO Office will comply with guidance and frameworks provided by OCHA HQ.
2	OCHA Ethiopia should, in conjunction with the Funding Coordination Section, prioritize the audits of operationally-completed projects implemented by Implementing Partner A, while closely monitoring the implementation of ongoing projects.	Important	Yes	Head of Country Office	Q4 2017	Upon receiving information concerning IP A, OCHA has conducted additional monitoring activities and requested and received significant other financial information and audit reports from the IP. Additionally a mission was undertaken by the OCHA Chief of Budget and Finance and OCHA Funding Coordination Section to carefully review procurements and financial documentation and field implementation.  The ongoing projects will be audited as soon as they are completed.
3	OCHA Ethiopia should take action to ensure that all staff members complete the annual staff evaluation process within the deadline set by the administrative	Important	Yes	Head of Country Office	Q4 2017	Agreed.

<sup>1</sup> 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.

<sup>2</sup> 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 the operations of the Office for the Coordination of Humanitarian Affairs in Ethiopia

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	instruction on the performance management and development system.					
4	OCHA Ethiopia should take action to ensure that all staff members complete United Nations mandatory training courses.	Important	Yes	Head of Country Office	Q4 2017	Agreed.