



INTERNAL AUDIT DIVISION

REPORT 2016/093

Audit of the management of the Office for the Coordination of Humanitarian Affairs operations in the Central African Republic

Overall results relating to the effective management of operations in the Central African Republic were initially assessed as partially satisfactory. Implementation of eight important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

24 August 2016
Assignment No. AN2016/590/01

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AUDIT REPORT

Audit of the management of the Office for the Coordination of Humanitarian Affairs operations in the Central African Republic

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of the Office for the Coordination of Humanitarian Affairs (OCHA) operations in the Central African Republic (CAR).

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. General Assembly resolution 46/182 dated 19 December 1991 requires OCHA to bring together humanitarian actors to ensure a coherent response to emergencies. OCHA operations in CAR began in December 2012. Over the past two years, CAR experienced a major political crisis which resulted in a violent conflict that has affected nearly the entire population. The security situation continues to be volatile. Since December 2013, more than a million people have fled their homes for safety, and around 2.7 million people, over half the population, are in immediate need of humanitarian assistance. In addition to providing protection, the priority needs are food, healthcare, water, sanitation and hygiene, shelter and basic household items. The Emergency Relief Coordinator (ERC) designated the CAR crisis a Level 3 emergency in December 2013. Consequently, a system-wide response was automatically activated committing members of the Inter-Agency Standing Committee (IASC) to put in place the necessary humanitarian response systems and mobilize adequate resources to contribute to the response. The Level 3 emergency designation was deactivated in May 2015.

4. In 2014, resource requirements in the CAR Strategic Response Plan (SRP) were originally estimated at \$246.8 million and increased to \$555.4 million of which \$378.5 million or 68 per cent was funded. In 2015, estimated resource requirements were \$613 million of which \$320 million or 52 per cent was funded.

5. For its programmatic humanitarian response activities, OCHA established the CAR Common Humanitarian Fund (CHF) and drew on the global Central Emergency Response Fund (CERF). The funding of the CAR CHF was targeted at \$40.6 million (7 per cent of the SRP) for 2014 and \$37.1 million (6 per cent of the SRP) for 2015. For 2014 and 2015, CHF received contributions of \$40.1 million and \$37.1 million from eight and nine donors, respectively. A total of \$87.3 million was allocated from CHF and CERF to 157 humanitarian response projects for the same period. CHF allocations amounting to \$58.4 million were made to 125 projects, while \$28.9 million were allocated from CERF to 32 projects.

6. The Secretary-General's bulletin on CERF, the CAR CHF terms of reference and the memorandum of understanding signed by the Participating United Nations Organizations (PUNOs) provided the framework for implementing humanitarian projects. A United Nations entity performed the Managing and Administrative Agent roles for the CAR CHF. The Humanitarian Coordinator in CAR, in consultation with the Humanitarian Country Team and the CHF Advisory Board, used SRP in programming the priority areas into humanitarian assistance projects from both CHF and CERF. The ERC approved CERF projects, while the Humanitarian Coordinator approved CHF projects. The

Humanitarian Coordinator was responsible for overseeing the monitoring of project implementation by all implementing partners.

7. The OCHA Country Office in CAR 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. The Office had an authorized staffing table of 84 posts - 26 international and 58 national, as of December 2015. The 2014-2015 cost plans for the Country Office totalled \$19.1 million comprising: (i) Trust Fund for Disaster Relief: \$16.5 million; (ii) Programme support cost: \$1 million; and (iii) CHF: \$1.6 million.

8. With its headquarters in Bangui, the OCHA Country Office in CAR maintained three sub-offices in Bouar, Bambari, and Kaga-Bandoro with satellite offices in Ndele, Paoua, Bossangoa, Batangafo, (temporarily in Boda), and Zemio in 2015.

9. In accordance with the terms of reference (TOR) for the CAR CHF, a joint OCHA-Managing Agent Unit was established within the OCHA Country Office in CAR to form the CHF Technical Secretariat (CHF TS). It supported the Humanitarian Coordinator in his programming, allocation and oversight responsibilities for CHF. In 2015, the CHF TS had a staffing table of four authorized positions from OCHA, and four Managing Agent-funded positions that supported the CHF operations.

10. Comments provided by OCHA are incorporated in italics.

II. OBJECTIVE AND SCOPE

11. 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 CAR**.

12. The audit was included in the 2015 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.

13. 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 CAR 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 humanitarian needs is undertaken for the allocation of CHF and CERF broken down into humanitarian response projects; (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 CAR and manage staff and other resources; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

14. The key controls were assessed for the control objectives shown in Table 1.
15. OIOS conducted this audit in April and May 2016. The audit covered the period from January 2014 to April 2016.
16. 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

17. 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 OCHA operations in CAR**. OIOS made eight recommendations to address issues identified in the audit.

18. The organizational set up of the CHF TS and the programmatic project monitoring concept were sound to support the Humanitarian Coordinator in his programming, allocation and oversight responsibilities. There was, however, a need for improved collaboration between the OCHA Country Office in CAR and local Managing Agent office, which also provided administrative services to the Country Office. OCHA needed to review the services that the Managing Agent was required to provide under the CAR CHF terms of reference and the memorandum of understanding with PUNOs, identify any gaps in the services rendered, and take necessary action. OCHA also needed to: (i) periodically update the risk mitigating measures for the CAR CHF; (ii) strengthen controls over cost extensions; and (iii) review the workload and allocate resources to ensure quality and timeliness of CERF reporting.

19. With regard to the regulatory framework, the controls related to protection against sexual exploitation and abuse were strengthened as were those over managing security risks relating to programme implementation and safeguarding of assets. However, the Country Office needed to: [REDACTED] (ii) establish a service level agreement with the local service provider clearly describing the roles and responsibilities of each party; (iii) finalize arrangements with United Nations system organizations to use existing contracts for local procurement; and (iv) work with the CAR Government to ensure that tax privileges from the host country are availed and that the taxes paid are refunded.

20. 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 eight important recommendations remain in progress.

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.

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 CAR	(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

There was a need to review the Managing Agent role for the CAR CHF

21. According to the TOR for the CAR CHF, the OCHA Country Office in CAR and the local Managing Agent office are responsible for establishing the CHF TS to support the Humanitarian Coordinator in programming, allocating, monitoring and reporting on the Fund. The TOR specified their respective responsibilities.

22. According to the TOR, the Managing Agent was responsible for managing projects implemented by non-governmental organizations (NGOs). Although the organization chart required the Managing Agent-funded staff to report to the Chief, CHF TS, this reporting line was not followed. As a result, information regarding the financial monitoring, financial reporting and audit activities of the NGO-implemented projects was not readily shared with the Chief. The Country Office in CAR took up the matter with the Humanitarian Coordinator and the local Managing Agent office but the matter has remained unresolved.

23. OIOS interviews with donors, implementing partners and Advisory Board members indicated that there was a need to improve the services provided by the Managing Agent. For instance, the Chief of the CHF TS was not receiving a full view of the CAR CHF as adequate financial monitoring and expenditure reports were not readily available. This was affecting the decision making process, and increasing the reputational risk of OCHA as inadequate client orientation could negatively impact its image within the humanitarian community. The lack of a good working relationship between OCHA and the Management Agent also increased the risk that the CHF TS could significantly delay the implementation of projects affecting the Country Office’s ability to achieve its objectives.

(1) OCHA should review the role of the Managing Agent on projects implemented by non-governmental organizations to: (i) ensure that it is not having an adverse impact on the effectiveness of the CAR Common Humanitarian Fund; and (ii) identify any gaps in services rendered and take necessary action.

OCHA accepted recommendation 1 and stated that a joint OCHA-Managing Agent workshop would be held to support the roll-out of new Managing Agent Guidelines in all country-based pooled funds (CBPFs) managed by OCHA and the Managing Agent. Recommendation 1 remains open pending receipt of evidence that the Managing Agent role in the CAR CHF has been reviewed and actions have been taken to identify gaps in the services rendered.

A periodic review of risks for the CAR CHF was needed to update the risk mitigating measures

24. The OCHA Operational Handbook provides guidelines on the risk management framework for CBPFs. It requires CAR CHF to develop a risk management framework at the fund level that identifies key risks that may prevent it from attaining its objectives and lead to reputational risks.

25. In July 2014, the Advisory Board identified 14 risks for the CAR CHF and put measures in place to mitigate them. Responsibilities for specific risks were also assigned to individuals and organizational units. However, the Advisory Board had not up-dated the risks since November 2014. In the period since then, the designation of CAR as a Level 3 emergency was lifted, elections were held in February 2016 and there were some periods when the crisis escalated requiring the evacuation of NGOs and United Nations agencies' staff. These changes to the overall security environment and humanitarian response to the crisis called for updating the risks for the CHF in CAR. The Country Office did not update the risks as it was not considered a priority. Moreover, there was a lack of capacity in the Country Office due to high vacancy rate of 36 per cent in 2014, and onboarding of staff against these vacancies continued until the end of 2015.

26. The lack of a periodic review of risks for the CHF in CAR could make the mitigating measures irrelevant, thus preventing CAR CHF from attaining its objectives, which could potentially damage the reputation of the United Nations with donors and partners.

(2) The OCHA Country Office in CAR should, in collaboration with the Humanitarian Coordinator and the Advisory Board, allocate resources to periodically review and update the risks that could impact the CAR Common Humanitarian Fund.

OCHA accepted recommendation 2 and stated that the CAR CHF Operational Manual was updated and would be revised annually or as the context requires. Recommendation 2 remains open pending receipt of evidence that necessary resources have been allocated to periodically review and update risks relating to the CAR CHF.

Programmatic monitoring activities were satisfactory

27. According to the TOR for the CAR CHF, the Humanitarian Coordinator should ensure that there is an adequately staffed sub-unit within the CHF TS that focused on monitoring and reporting, and complemented CHF participants' monitoring and evaluation systems. The monitoring function is expected to be independent of operational activities.

28. The joint CHF TS developed an annual risk-based plan for the programmatic monitoring of CHF projects. The objective of the plan was to cover at least 40 per cent of the allocated projects within the monitoring period. The plan was achieved by conducting 29 monitoring visits in 2014 and 21 monitoring visits in 2015. From October 2015, the risk-based approach was further strengthened by using the Partner Performance Index, which tracks and scores implementing partners' performance throughout project implementation. OIOS therefore concluded that programmatic monitoring of CHF projects was satisfactory.

There was a need to strengthen controls over cost extensions

29. The OCHA Operational Handbook for CBPFs requires 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 is vested with the Humanitarian Coordinator, unless that authority is formally delegated to the OCHA Head of Office.

30. Of the 125 implemented projects, the Humanitarian Coordinator granted no cost extensions in 2014-2015 to 28 projects totaling \$12.8 million. The projects were granted no cost extensions less than four weeks before their original expiry dates in contravention of the requirement. The no cost extension requests were attributed to project delays due to security and logistical issues related to cancellation of United Nations Humanitarian Air Service (UNHAS) flights, difficulties in procuring equipment internationally, and escalation of the crisis in September 2015. As the implementing partners had no way of anticipating these delays in project activities, OIOS did not make a recommendation on this matter.

31. Three projects totaling \$750,000 were granted extensions increasing the budget of each project by \$139,402, \$44,106 and \$24,611. The cost revision and extension requests for the projects were premised on the fact that implementing partners needed additional funds to fill the gap while waiting for funds from other donors. The project cost revisions were presented to, deliberated on and approved by the CAR CHF Advisory Board. However, although the Humanitarian Coordinator, in consultation with the OCHA Humanitarian Financing Unit (HFU) and OCHA Headquarters had discretionary authority to make reserve allocations, there were no provisions in the Operational Handbook for CBPFs for project cost revisions.

(3) OCHA should review the Operational Handbook for country-based pooled funds to clarify the discretionary authority of the Humanitarian Coordinator to increase project costs.

OCHA accepted recommendation 3 and stated that it would consider the possibility of revising the discretionary authority of the Humanitarian Coordinator for increasing project costs when revising the Operational Handbook in 2017. Recommendation 3 remains open pending clarification of the discretionary authority of the Humanitarian Coordinator to increase project costs.

There was a need to ensure quality and timeliness in CERF reporting

32. CERF guidelines require humanitarian coordinators to submit country narrative reports on CERF allocations to the CERF secretariat within three months from the date of each grant package's expiration.

33. There were two published narrative reports for CERF allocations in CAR for the December 2013 and February and December 2014 allocations. However, the Country Office did not submit the narrative reports within the three-month deadline as required. The report for the December 2013 and February 2014 allocations was due on 21 January 2015 as the related projects had been extended to 22 October 2014. The report was submitted on 12 February 2015 following extension of the reporting deadline by CERF secretariat. The report for the December 2014 allocation was due on 30 December 2015 as the projects had been extended to 30 September 2015. The report was submitted on 25 February 2016. Reporting for the December 2015 allocation was not yet due as the grant expiration date was 21 June 2016. CERF reporting was prepared by HFU staff, which had not been provided with resources for it. According to CHF TS, it took an estimated 15 working days to complete each report.

34. The OCHA HFU attributed the delay in CERF reporting to capacity challenges at both OCHA Country Office in CAR and the recipient organizations. In addition, recipient organizations did not always submit timely, complete and quality narrative reports to HFU increasing the review and reporting timelines. Reporting to stakeholders, including the donor community, on the CERF funded activities in CAR was therefore delayed.

(4) The OCHA Country Office in CAR should, 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.

OCHA accepted recommendation 4 and stated that the CERF secretariat would work with the Country Office to review the workload related to the CERF reporting process. Recommendation 4 remains open pending receipt of the results of the review of the workload related to the CERF reporting process.

Cross-cutting issues in coordinated management

35. OIOS observed the following issues at the OCHA Country Office in CAR that had been reported in recent audits of other OCHA country offices.

- a. There was no clarity of the role of the OCHA Country Office in ongoing monitoring of CERF projects

36. 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 the ongoing monitoring of the execution of CERF grants. There was no clarity of the responsibility of the Country Office to obtain this feedback. As a result, the Humanitarian Coordinator had no assurance during the implementation period that CERF projects were implemented as planned and in a timely manner.

- b. Mechanism needed to document financial monitoring and other oversight activities of PUNOs

37. The Country Office had not established a formal mechanism to capture the monitoring and other oversight activities such as regular oversight dialogues on CHF projects implemented by PUNOs and an international NGO. As a result, the Humanitarian Coordinator and the Country Office had no formal basis to assure themselves, the donors, and the public that the CHF projects implemented by PUNOs and the international NGO were being subjected to regular financial monitoring and periodic reviews of summary audit observations as required under the MOU. This could delay timely implementation of recommended remedial measures.

- c. A formal fundraising strategy was needed to mobilize resources and sustain humanitarian operations

38. There was no formal strategy for resource mobilization for the CAR CHF. Resource mobilization was mainly undertaken through a series of informal, ad hoc meetings when donors visited CAR and regular sharing of information. There were two virtual meetings with donors in 2015. According to the interim Head of Country Office, CAR was not as “high profile” as other crises. Since the Level 3 designation was deactivated in May 2015, it was difficult to keep CAR on the international agenda. Without a formal resource mobilization strategy, the humanitarian emergency response in CAR risked significant funding shortfall.

39. OCHA previously indicated that it had initiated actions to: (i) clarify the role of the OCHA country office in ongoing monitoring CERF projects; (ii) document the mechanism to capture monitoring and other oversight activities of PUNOs; and (iii) develop a global policy regarding resource mobilization for all CBPFs. Therefore, OIOS did not make additional recommendations on these matters.

B. Regulatory framework

Controls related to protection against sexual exploitation and abuse were strengthened

40. According to the 2013 Secretary-General's bulletin on the protection against sexual exploitation and abuse, heads of departments, offices and missions are responsible for creating and maintaining an environment that prevents sexual exploitation and sexual abuse.

41. OCHA participated in three coordination mechanisms related to protection against sexual exploitation and abuse. The Head of OCHA Country Office also held two sessions in March 2016 with all staff to inform and sensitize them on the subject. In addition, the OCHA focal point on protection against sexual exploitation and abuse sensitized national NGOs at a capacity building forum by sharing information, creating awareness and requiring them to adhere to the code of conduct effective April 2016.

42. In light of the actions taken by the OCHA Country Office, OIOS concluded that the Country Office had strengthened controls related to protection against sexual exploitation and abuse. The effectiveness of the controls will be assessed in future audits.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

There was no service level agreement with the local service provider

46. The OCHA Country Office in CAR was expected to enter into a service level agreement with its service provider to outline respective roles and responsibilities and performance standards.

47. The local service provider administered 58 national staff in the Country Office in CAR and undertook travel arrangements and low value procurement activities. However, there was no common

understanding between them regarding their expectations from each other due to a lack of a service level agreement. As a result, administrative services, especially those related to the recruitment and administration of national staff, were not adequately provided to enable the Country Office to effectively carry out its operations

(6) The OCHA Country Office in CAR should establish a service level agreement with the local service provider clearly describing the roles and responsibilities for each party to the agreement especially for the appointment and administration of national staff.

OCHA accepted recommendation 6 and stated that a draft service level agreement had been submitted to the local service provider for comments. Recommendation 6 remains open pending receipt of the service level agreement with the local service provider.

Arrangements with United Nations system organizations needed finalization to use existing contracts for local procurement

48. The Finance and Budget Manual required establishment of administrative processes concerning procurement, fuel management, contract management, logistics, travel management and expenditure monitoring.

49. The OCHA Country Office's budget as allocated in the 2014 and 2015 cost plans were \$9.3 million and \$9.8 million, respectively. The expenditures for the same periods were \$8.5 million (or 91 per cent) and \$8.2 million (or 84 per cent), respectively. The majority of expenditures were authorized from OCHA Geneva through financial authorizations. OIOS observed several control weaknesses in these expenditures, as follows:

- (i) Goods and services totaling \$577,017 were procured locally during the 2014-2015 period without valid contracts. In anticipation of issues related to Umoja implementation, the Office of Central Support Services authorized the Country Office to procure repetitive goods and services within \$4,000 up to June 2016 without a contract. The expenditures in question were above the \$4,000 threshold.
- (ii) There were no procedures for expenditure monitoring. Local expenditures were made through the use of financial authorizations from OCHA Geneva. However, there was no evidence that expenditures were tracked against the financial authorizations.
- (iii) Procedures in place to monitor fuel consumption were inadequate. The Country Office maintained a fleet of 27 vehicles and three generators in Bangui and field locations. Fuel consumption records were maintained manually and there was no reconciliation between the prepayments made and fuel drawn on fuel cards. There was also no evidence of the maintenance of the fleet.
- (iv) There was no evidence that travel requests were reconciled with actual travel undertaken through UNHAS against prepaid travel costs.

50. The above resulted as the Country Office could not monitor established internal procedures in 2014 and 2015 due to the high vacancy rate and turnover of staff, as well as the escalation of the humanitarian crisis in 2014 and again toward the end of 2015. To partly address this, the Country Office was negotiating arrangements with the United Nations Multidimensional Integrated Stabilization Mission in CAR (MINUSCA) and the World Food Programme to use existing contracts for fuel supplies and other goods and services required locally.

51. Inadequate monitoring of expenditures and establishing and managing contracts increases the risk of loss of resources and delays in service delivery.

(7) The OCHA Country Office in CAR should: (a) finalize arrangements with United Nations system organizations in CAR to use their existing contracts for the procurement of fuel and other goods and services; and (b) enter into contracts in accordance with established procurement procedures if no such contracts exist.

OCHA accepted recommendation 7 and stated that draft contracts for fuel and vehicle repairs had been submitted to two United Nations system organizations in CAR. Recommendation 7 remains open pending receipt of copies of the signed contracts.

The OCHA Country Office paid value-added tax on goods and services

52. The host country agreement between the United Nations and CAR granted privileges and immunities, including tax exemptions to the United Nations.

53. During the review of a sample of transactions, OIOS noted that taxes amounting to \$48,960 and \$24,779 were paid on transactions for goods and services provided by two vendors during the 2014-2015 period. The Country Office had requested a refund of the taxes paid to the CAR Ministry of Finance and Budget against September and October 2015 fuel invoices. It was informed that the government had suspended all tax exemptions related to fuel and lubricants effective 1 April 2015 although exemptions were granted on other items.

54. OIOS was also informed that a high turnover in government staff made it difficult for the Humanitarian Country Team to conclude the tax exemption issue. The Country Team would be taking up the issue again with the new government.

55. Payment of taxes that are not reimbursed negatively impact the level of resources available to implement projects. It also violates the privileges and immunities of the United Nations.

(8) The OCHA Country Office should, in collaboration with the Humanitarian Coordinator, work with the CAR Government to ensure that tax privileges from the Member State are availed, and taxes paid are refunded.

OCHA accepted recommendation 8 and stated that the newly arrived management staff would address the issue in due time. Recommendation 8 remains open pending receipt of supporting documentation related to efforts made with the CAR Government with regard to tax privileges and refund of taxes paid.

Cross-cutting issues in the regulatory framework

56. OIOS observed the following issues at the OCHA Country Office in CAR that had been reported in recent audits of other OCHA country offices.

a. There were vacancies in leadership positions in the Country Office

57. The vacancy rate in the Country Office in 2014 was 36 percent. Although staff were on-boarded throughout 2015 when all posts were filled, a number of key posts became vacant at the beginning of 2016 due to staff turnover. During the audit in April 2016, the Humanitarian Coordinator (Assistant

Secretary-General), Deputy Humanitarian Coordinator (D-2), Head of OCHA Country Office (D-1) and Chief Administrative and Finance Officer (P-4) posts were vacant.

58. Due to current vacancies, the first CHF standard allocation in 2016 was approved by the interim Humanitarian Coordinator since the projects allocation letters had already been signed by the Humanitarian Coordinator. In addition, a Senior Roving Administration and Finance Officer from OCHA Geneva was assigned to assist the Country Office and sub-offices in monitoring administrative processes. However, the vacancies were having a negative impact on the image of the Country Office with donors and partners alike as there was an absence of leadership for the humanitarian response in CAR, delaying interactions between humanitarian actors and the newly formed government.

59. OCHA explained that due to insecurity, rudimentary living conditions, difficult operating environment, and lack of international visibility of the crisis, it had been difficult to attract staff to CAR. The identification of bilingual staff (French/English) with appropriate profiles was also a key challenge. As of July 2016, the Humanitarian Coordinator, Head of Office, and Administration and Finance Officer positions had been filled. The Deputy Humanitarian Coordinator post was being discussed with key IASC agencies.

b. Performance indicators against 2014-2015 work plan implementation could be improved

60. The Country Office's results framework for 2014-2015 had 35 standard key performance indicators. A number of these indicators were designed to measure "quality scores" of various internal deliverables such as the country's strategic response plan. However, they did not reflect an appropriate balance between preparing high quality documents/processes and ensuring that the needs of affected people were met in a timely manner. They also did not take into account significant interactions between humanitarian actors and the peacekeeping mission, MINUSCA.

61. Overall, the Country Office performed well against 12 performance targets in 2015. There were 14 performance targets for which the baseline or results were not applicable or were not scored. The Country Office did not meet established targets for nine performance indicators.

62. OCHA previously indicated that the recently developed "Standing Administrative Measures" had significant potential to address OCHA's particular requirements regarding expeditious recruitment of emergency staff. In addition, OCHA indicated that it would introduce outcome-based performance indicators in its next strategic plan. Therefore, OIOS did not make additional recommendations on these issues.

IV. ACKNOWLEDGEMENT

63. 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 management of the Office for the Coordination of
Humanitarian Affairs operations in the Central African Republic**

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	OCHA should review the role of the Managing Agent on projects implemented by non-governmental organizations to: (i) ensure that it is not having an adverse impact on the effectiveness of the CAR Common Humanitarian Fund; and (ii) identify any gaps in services rendered, and take necessary action	Important	O	Submission of evidence that the Managing Agent role in the CAR CHF has been reviewed.	31 March 2017
2	The OCHA Country Office in CAR should, in collaboration with the Humanitarian Coordinator and the Advisory Board, allocate resources to periodically review and update the risks that could impact the CAR Common Humanitarian Fund.	Important	O	Submission of evidence that necessary resources have been allocated to periodically review and update the risks related to the CAR CHF.	Implemented
3	OCHA should review the Operational Handbook for country-based pooled funds to clarify the discretionary authority of the Humanitarian Coordinator to increase project costs.	Important	O	Submission of the revised Operational Handbook clarifying the discretionary authority of the Humanitarian Coordinator to increase project costs.	31 March 2017
4	The OCHA Country Office in CAR should, 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.	Important	O	Submission of the results of the review of the workload related to the CERF reporting process.	31 March 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 the management of the Office for the Coordination of
Humanitarian Affairs operations in the Central African Republic**

Recom. no.	Recommendation	Critical²/ Important³	C/ O⁴	Actions needed to close recommendation	Implementation date⁵
6	The OCHA Country Office in CAR should establish a service level agreement with the local service provider clearly describing the roles and responsibilities for each party to the agreement especially for the appointment and administration of national staff.	Important	O	Submission of service level agreement with the local service provider.	31 December 2016
7	The OCHA Country Office in CAR should: (a) finalize arrangements with the United Nations system organizations in CAR to use their existing contracts for the procurement of fuel and other goods and services; and (b) enter into contracts in accordance with established procurement procedures if no such contracts exist.	Important	O	Submission of copies of contracts with two United Nations system organizations.	31 December 2016
8	The OCHA Country Office should, in collaboration with the Humanitarian Coordinator, work with the CAR Government to ensure that tax privileges from the Member State are availed, and the taxes paid are refunded.	Important	O	Submission of supporting documentation related to the efforts made with regard to tax privileges and refund of taxes paid.	31 March 2017

APPENDIX I

Management Response

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

DATE: 8 August 2016

FROM: Stephen O'Brien, Under-Secretary-General for
DE: Humanitarian Affairs and Emergency Relief
Coordinator

REFERENCE: IAD: 16-00339

SUBJECT: **Response to the draft report of the audit on OCHA
operations in in the Central African Republic
(CAR) (AN2016/590/01)**

1. In reference to your memorandum dated 20 July 2016, I am enclosing OCHA's responses to the recommendations in the draft audit report on OCHA operations in the Central African Republic (CAR).
2. I have no additional comments on the text of the draft report outside of the comments on the recommendations in the attached Management Response matrix.
3. Noting the slight changes in recommendations 2,4,5,7,and 8 I nonetheless accept all recommendations pertaining to this draft audit report.
4. Thank you.

cc: B. Jones

Management Response

Audit of the Office for the Coordination of Humanitarian Affairs operations in the Central African Republic

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	OCHA should review the role of the Managing Agent on projects implemented by non-governmental organizations to: (i) ensure that it is not having an adverse impact on the effectiveness of the CAR Common Humanitarian Fund; and (ii) identify any gaps in services rendered, and take necessary action.	Important	Yes	OCHA Head of Office	(i) Q3/2016 (ii) Q1/2017	(i): MA is finalizing its internal policy review of the new MA Guidelines to OCHA's CBPFs and putting the latter in practice. (ii): A joint MA-OCHA workshop will be held to support the roll-out of the new MA Guidelines in all MA/OCHA-managed CBPFs.
2	The OCHA Country Office in CAR should, in collaboration with the Humanitarian Coordinator and the Advisory Board, allocate resources to periodically review and update the risks that could impact the CAR Common Humanitarian Fund.	Important	Yes	OCHA Fund Manager	Implemented	The CAR HF Operational Manual was updated in Q3/2016 and will be revised as per global Operational Handbook for CBPFs (here: at minimum once per year or as context requires).
3	OCHA should review the Operational Handbook to clarify the discretionary authority of the Humanitarian Coordinator to increase project costs.	Important	Yes	OCHA Chief of FCS	Q1/2017	The Operational Handbook is clear and does not permit cost increases. As noted in the audit text, the HC sought approval from OCHA HQ and the Advisory Board before approving these specific and exceptional increases as they did not fall within the guidelines. However, the possibility to review this arrangement could be considered when revising the Operational Handbook in 2017.

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 the Office for the Coordination of Humanitarian Affairs operations in the Central African Republic

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	The OCHA Country Office in CAR should, 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.	Important	Yes	HoO	Q2017	HoO just arrived in CAR and following up on reporting and staffing issues including this one. While doing so, it should be noted that CERF reporting is done by the implementing partners and the role of OCHA is to ensure the reports are submitted in a timely manner. The narrative reporting manager within the CERF secretariat will work with the OCHA Country Office in CAR to review the workload related to the CERF reporting process.
6	The OCHA Country Office in CAR should establish a service level agreement with the local service provider clearly describing the roles and responsibilities for each party to the agreement especially for the appointment and administration of national staff.	Important	Yes	Head of Admin and Finance	Q4/2016	Draft Service Level Agreement has been already submitted to local service provider for comments and reviewing.
7	The OCHA Country Office in CAR should: (a) finalize arrangements with the United Nations system organizations in CAR to use their existing contracts for the procurement of fuel" supplies and other goods and services; and (b) enter into contracts in accordance with	Important	Yes	Head of Admin and Finance	Q4/2016	Draft contract has already been submitted to MINUSCA for fuel and to UNHCR for vehicle repairs.

Management Response

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	the established procurement procedures if no such contracts exist.					
8	The OCHA Country Office should, in collaboration with the Humanitarian Coordinator, work with the CAR Government to ensure that tax privileges from the Member State are availed, and the taxes paid are refunded.	Important	Yes	HoO	Q4/2016	The new HoO and the HC have just arrived and are familiarizing with the situation as they deal with pressing issues before embarking on tax exemption.