



INTERNAL AUDIT DIVISION

REPORT 2016/090

Audit of resource mobilization in the
Office for the Coordination of
Humanitarian Affairs

Overall results relating to effective resource mobilization were initially assessed as partially satisfactory. Implementation of six important recommendations remains in progress

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

23 August 2016
Assignment No. AN2015/590/06

CONTENTS

	<i>Page</i>
I. BACKGROUND	1-2
II. OBJECTIVE AND SCOPE	2-3
III. AUDIT RESULTS	3-9
Coordinated resource mobilization	4-9
IV. ACKNOWLEDGEMENT	9
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

AUDIT REPORT

Audit of resource mobilization in the Office for the Coordination of Humanitarian Affairs

I. BACKGROUND

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

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. OCHA was established by General Assembly resolution 46/182 dated 19 December 1991. The mission of OCHA is to: (a) mobilize and coordinate effective and principled humanitarian action in partnership with national and international actors in order to alleviate human suffering in disasters and emergencies; (b) advocate for the rights of people in need; (c) promote preparedness and prevention; and (d) facilitate sustainable solutions.

4. A key strategic objective for OCHA is to secure humanitarian financing that is predictable and timely. Therefore, the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator mobilizes resources for four main purposes: (a) OCHA extrabudgetary programme budget; (b) the Central Emergency Response Fund (CERF); (c) country-based pooled funds (CBPF) by supporting humanitarian coordinators at the country level; and (d) humanitarian response plans (HRPs) by leading, through humanitarian coordinators, the development of HRPs that outline total needs at the country level and supporting United Nations agencies and partners. Table 1 summarizes the contributions received against estimated requirements for the period from 2012 to 2015.

Table 1: Funding requirements, contributions and shortfall for the 2012-2015 period (in millions of United States dollars)

Year/activities	2012	2013	2014	2015*
(a) OCHA extrabudgetary programme budget:				
Estimated requirements	254.6	277.3	307.9	333.9
Actual expenditures	224.5	238.9	274.0	283.5
Contributions received	230.6	233.2	237.5	233.4
(Surplus)/shortfall of expenditures over contributions	(6.1)	5.7	36.5	50.1
(b) CERF:				
Requirements	450.0	450.0	450.0	450.0
Contributions	425.7	478.8	479.3	402.7
(Surplus)/shortfall of requirements over contributions	24.3	(28.8)	(29.3)	47.3
(c) CBPF contributions	449.5	420.2	516.4	591.0
(d) HRPs, including CBPFs:				
Requirements	9,200.0	12,800.0	13,700.0	14,400.0
Contributions	5,700.0	8,300.0	8,100.0	7,600.0
(Surplus)/shortfall of requirements over contributions	3,500.0	4,500.0	5,600.0	6,800.0

*Estimates, pending annual reports

5. Members of the OCHA Donor Support Group (ODSG) contributed approximately 90 per cent of contributions received for the OCHA extrabudgetary programme budget, mainly through multi-year donor agreements. CBPF contributions during 2012-2015 represented about 7 per cent of the HRP contributions. Over 60 per cent of the contributions came from five donors. For HRPs, on average, three donors contributed approximately 50 per cent of the funding to meet humanitarian needs over the last four years. For 2015, most of the HRP contributions financed operations in Syria, South Sudan and Yemen.

6. The Inter-Agency Standing Committee (IASC) is the primary mechanism for inter-agency coordination of humanitarian assistance. The IASC Humanitarian Financing Task Team brings together aid agencies to reduce obstacles to increased humanitarian funding and makes sure that funding quickly and efficiently gets to where it is needed the most.

7. The OCHA Partnership and Resource Mobilization Branch (PRMB) has the primary role of ensuring coherence in OCHA outreach programmes and for developing relationships with Member States, regional organizations and other stakeholders to maximize political, technical, in-kind and financial support to improve humanitarian response. PRMB has 65 approved posts for its five sections in New York and Geneva and three liaison offices in Brussels, Dubai and Addis Ababa. The Donor Relations Section within the Branch is responsible for managing donor contracts for funding the OCHA extrabudgetary programme budget, the relationship with ODSG and the OCHA Contribution Tracking System. The 2015 budget for the Branch amounted to \$13.6 million, consisting of \$6.6 million for headquarters, \$4.5 million for the liaison offices and \$2.5 million for programme support cost plans.

8. Within the Division for Corporate Programmes, CERF secretariat's Resource Mobilisation and Communications Section leads CERF resource mobilization, in close collaboration with relevant OCHA branches and sections. Humanitarian coordinators have primary responsibility to raise funds for CBPFs, while PRMB leads OCHA efforts at the global level, with support from the Funding Coordination Section. The Financial Tracking Service (FTS), responsible for recording all reported humanitarian aid contributions, is managed by the Programme Support Branch.

9. Comments provided by OCHA are incorporated in italics.

II. OBJECTIVE AND SCOPE

10. The audit was conducted to assess the adequacy and effectiveness of OCHA governance, risk management and control processes in providing reasonable assurance regarding **effective resource mobilization in OCHA**.

11. The audit was included in the 2016 risk-based work plan of OIOS due to the risks that OCHA may not be able to mobilize sufficient resources to sustain humanitarian operations.

12. The key control tested during the audit was coordinated resource mobilization. For the purpose of this audit OIOS defined this key control as one that provides reasonable assurance that: (a) a coordinated and coherent strategy for resource mobilization is in place and is revised when there are significant changes to assumptions; (b) roles and responsibilities for resource mobilization activities are defined; and (c) policies and procedures exist to assess the sustainability of extrabudgetary funding to support the OCHA mandate.

13. The key control was assessed for the control objectives shown in Table 2. Two control objectives, shown in Table 2 as "Not assessed", were not relevant to the scope defined for this audit.

14. OIOS conducted this audit from February to April 2016. The audit covered the period from January 2014 to December 2015 and also included the 2012-2013 period to review humanitarian needs and funding trends.

15. 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

16. OCHA governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding **effective resource mobilization in OCHA**. OIOS made six recommendations to address issues identified in the audit.

17. OCHA developed well defined information and communication products and platforms for resource mobilization. However, OCHA needed to: (a) develop an overall Policy Instruction on Resource Mobilization to outline the key principles, inter- and intra-organizational relationships, and roles of the various functions involved in OCHA resource mobilization relating to its extrabudgetary programme budget requirements, CBPF, CERF and HRPs; (b) develop a strategy to support resource mobilization at the global level for CBPFs; (c) conduct a feasibility study to assess the viability of fundraising with the private sector; and (d) develop an overall contingency plan in the event of a sudden decline in donor contributions.

18. The initial overall rating was based on the assessment of the key control presented in Table 2. The final overall rating is **partially satisfactory** as implementation of six important recommendations remains in progress.

Table 2: Assessment of key control

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective resource mobilization in OCHA	Coordinated resource mobilization	Partially satisfactory	Not Assessed	Not Assessed	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

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.

Coordinated resource mobilization

OCHA needed to develop an overall Policy Instruction on Resource Mobilization

19. In implementing its mandate, OCHA is responsible for mobilizing resources and coordinating effective and principled humanitarian action in partnership with national and international actors.
20. A review of policies and procedures, workplans and resource mobilization strategies, as well as interviews with key staff indicated that OCHA had different strategies for raising funds for different funding streams (OCHA extrabudgetary programme budget, CERF and CBPF), as outlined in the following paragraphs.
21. For raising funds for OCHA extrabudgetary programme budget, PRMB prepared an annual resource mobilization strategy, which was developed in accordance with the Guidance for Resource Mobilization in OCHA. The Administrative Services Branch prepared the OCHA budget based on approved cost plans, and the process was overseen by the Budget Review Committee that was chaired by the Assistant Secretary-General and included the three Divisional Directors.
22. For raising funds for CERF, which has an annual fundraising target of \$450 million, the CERF secretariat led the development and implementation of the Fund's resource mobilization strategy and related engagement plans, in collaboration with relevant OCHA branches. It updated and consulted with the CERF Advisory Group at each of its meetings on CERF resource mobilization efforts.
23. For raising funds at the country level for CBPFs, in accordance with the CBPF Handbook, resource mobilization strategies were to be developed by humanitarian coordinators to partially meet the needs of their HRPs. The resource requirements were developed in consultation with their respective advisory boards and members of the humanitarian country teams.
24. At the multi-stakeholder HRP level, OCHA had a role in assisting its partners to raise resources through information and advocacy, partnerships, needs based assessments and coordination at both the country and global levels.
25. Although the need to harmonize all of these resource mobilization strategies was covered in various strategies and guidelines, including the Guidance for Resource Mobilization, OCHA did not have an overall corporate resource mobilization policy instruction.
26. The lack of an overall policy instruction may result in: synergies being lost; an increased risk of internal competition for resources; and lack of understanding by donors of the various funding arrangements taking into consideration the expectation of donors that United Nations entities are "acting as one." A corporate resource mobilization policy instruction will also ensure that PRMB, the Division for Corporate Programmes, Coordination and Response Division, OCHA field offices and humanitarian coordinators harmonize their resource mobilization and donor relations activities to ensure complementarity and reduce duplication of effort.

(1) OCHA should develop an overall Policy Instruction on Resource Mobilization that: (a) outlines key principles, as well as inter- and intra-organizational relationships; (b) clearly distinguishes the differences in its resource mobilization functions related to different funding streams; and (c) harmonizes various strategies, policies and operational documents to ensure coherence and complementarity across the Office.

OCHA accepted recommendation 1 and stated that drawing on the 2016 PRMB Resource Mobilization Guidelines and other relevant CERF and CBPF policy instructions, a draft overall Policy Instruction on Resource Mobilization for OCHA would be developed. Recommendation 1 remains open pending receipt of the overall Policy Instruction on Resource Mobilization.

OCHA needed to prepare an overall resource mobilization strategy for CBPFs

27. According to the Policy Instruction on CBPFs, the role of OCHA in humanitarian financing includes broader policy development, resource mobilization, financial tracking and advocacy with respect to the humanitarian planning framework. The Operational Handbook on CBPFs requires humanitarian coordinators to prepare fundraising strategies for each CBPF at the country level with support from OCHA country offices.

28. Some CBPFs did not comply with the requirement to prepare fundraising strategies, such as in South Sudan. According to the Funding Coordination Section, only two CBPFs complied with the requirement to prepare fundraising strategies.

29. While CBPFs complement funding for HRPs, there was no policy regarding their contribution level in proportion to HRPs as a fundraising target. Without a set target, there was no benchmark to measure the current contribution of CBPFs to HRPs. Currently, CBPF levels vary, normally under 10 per cent of HRPs. However, the Secretary-General proposed in his report to the World Humanitarian Summit, held in May 2016, for the portion of humanitarian appeal funding that is channeled through “United Nations country-based pooled funds” to be increased to 15 per cent. CBPF contributions ranged from \$450 million in 2012 to \$591 million in 2015. Based on 2015 HRP requirements, the fundraising targets for CBPFs would increase to more than \$2 billion over the coming years, or more than double the envisaged target of \$1 billion for an expanded CERF.

30. A more coordinated and comprehensive resource mobilization strategy for CBPFs could improve their visibility, reduce internal competition for resources and improve donor support for them, and facilitate better support from PRMB during country office visits to donor countries.

(2) OCHA should establish a corporate resource mobilization strategy for country-based pooled funds to increase funding in proportion to humanitarian response plans and outline the visibility plan for the pooled funds, including senior management’s role in advocating for and promoting them.

OCHA accepted recommendation 2 and stated that it would ensure that the CBPF resource mobilization strategy is integrated and coordinated with the proposed Policy Instruction on Resource Mobilization. Recommendation 2 remains open pending receipt of the corporate CBPF resource mobilization strategy.

Information and communication products and platforms for resource mobilization were well defined

31. The OCHA mandate and its strategic plan for 2014-2017 require OCHA to implement coordinated system-wide advocacy to mobilize resources for humanitarian response. OCHA core communication and advocacy activities are guided by the 2014-2017 Information Strategy and the 2014-2017 Advocacy Strategy. According to the Advocacy Strategy, PRMB and the CERF secretariat are primarily responsible for outreach to donors, Member States and other key actors to secure funding and political support while the humanitarian coordinators, with support from OCHA country offices, lead the country and regional level advocacy. One of the primary roles of PRMB liaison offices is to advocate with Member States on humanitarian policy, needs and action.

32. OCHA, at both the headquarters and field levels, produced a number of publications and other information products to support resource mobilization for both OCHA and its humanitarian partners. The information products were disseminated through various media such as the OCHA corporate website, ReliefWeb, and various other internet/social media outlets.

33. The advocacy for humanitarian financing for HRPs was undertaken at various levels such as: (a) humanitarian coordinators and heads of OCHA country offices holding regular meetings with donors and donor representatives in the country and periodically visiting capitals of donor countries; (b) cluster coordinators impressing upon donors cluster priority needs; (c) United Nations agencies maintaining their own resource mobilization contacts with donors locally and in donor countries and building partnerships with the private sector to generate contributions; and (d) pledging conferences and other events highlighting funding needs.

34. OCHA also engaged more directly with donors and potential donors to build partnerships and raise funds for its own extrabudgetary programme budget, and for the funds it manages, and for the wider humanitarian system through such platforms as meetings with individual donors, engagement with donor groups such as ODSG and arranging donor field missions to orient potential donors with OCHA activities. Donors were also engaged through the CERF Advisory Group and through participation in CBPF Advisory Boards. The Communication Services Branch provided relevant support for preparation of advocacy briefs, key messages, interpretation services, video and graphics, etc.

35. OIOS concluded that OCHA had clearly defined products for information and advocacy, the dissemination of which would be enhanced through the ongoing humanitarian programme cycle information services project, which includes enhancements to FTS.

A feasibility study was needed to assess the viability of fundraising with the private sector

36. A key part of the PRMB strategy is to strengthen partnership networks and to assess costs and benefits related to partnering with the private sector.

37. Through its Private Sector Section, OCHA made significant progress in strengthening partnerships with the private sector. For example: (a) OCHA is partnering with the World Economic Forum, Global Compact and the United Nations Foundation to encourage greater collaboration between multi-national companies and humanitarian agencies; and (b) OCHA partnered with the United Nations Development Programme and the United Nations Office for Disaster Risk Reduction to engage the private sector in preparing and responding to emergencies in crisis-prone countries. The OCHA position on private sector funding was further clarified in an “OCHA on Message” publication on public-private partnerships that highlighted some of the key successes in public-private partnerships for humanitarian response. In addition, OCHA is engaged in projects to better understand the business case for companies’ engagement in preparing and responding to humanitarian crises, and their role in complex emergencies.

38. The PRMB private sector strategy was not focused on fundraising, but on communication and advocacy; coordination in an emergency; operational excellence; as well as building networks and partnerships. This was because OCHA is of the view that private sector contributions in the form of technical know-how and expertise could be more valuable than cash contributions, and that the private sector needs to be engaged more systematically over time than on an ad hoc basis during relief operations. In that regard, OCHA engaged an informal private sector advisory board and also started involving the private sector in the work of clusters such as the Logistics and Telecommunications clusters. The Private Sector Section continued to work with other humanitarian agencies to strengthen collaboration with the private sector at the system level.

39. However, private sector direct contributions to OCHA are unlikely to become a major source of income unless OCHA invests significantly in a dedicated private sector fundraising function. Moreover, OCHA needs to observe United Nations procedures to be able to accept contributions from private donors for its extrabudgetary programme budget and for pooled funds. Overall, the returns may not justify that level of investment, thus a proper feasibility study would need to be performed before such a strategy could be adopted.

(3) OCHA should conduct a feasibility study to determine additional potential for receiving in-kind or cash contributions from the private sector, including individual giving.

OCHA accepted recommendation 3 and stated that contingent upon available funding in 2017, OCHA would conduct a feasibility study to determine the viability of OCHA engagement in more extensive efforts to mobilize resources and accept cash and in-kind contributions from the private sector, including businesses, foundations, high-net worth individuals and other forms of individual giving. The study would examine challenges and opportunities that might be presented by such efforts and would also look at differences in resource mobilization potential and acceptance of contributions for OCHA, pooled funds and overall humanitarian needs. Recommendation 3 remains open pending receipt of the results of the feasibility study.

Current trends in donor contributions indicate risks to continued sustainability of operations

40. The 2014-2017 OCHA strategic plan includes an objective for OCHA to secure necessary resources and manage them efficiently. OCHA is therefore expected to balance the financial sustainability equation by either increasing available resources to meet obligations or reducing demand for resources, such as through improving operational efficiency and controlling growth in its extrabudgetary programme budget.

41. As illustrated in Table 1, there was a growing gap between resource requirements and funds raised per annum during the 2012-2015 period despite a generally stable or growing trend in donor contributions during the same period. The funding shortfalls for OCHA extrabudgetary programme budget requirements were being met from cash and operating reserves under the Trust Fund for OCHA and Disaster Relief Assistance. The reserves have been reduced by approximately \$93 million over the past three years, although this was also due to a deliberate decision to draw them down. Nevertheless, a more sustainable approach needs to be taken to address the funding shortfall as the reserves reduce.

42. The Secretary-General has proposed to increase the target for annual contributions received for CERF to \$1 billion by 2018, and CBPFs to over \$2 billion. These were pending decisions from the General Assembly and the World Humanitarian Summit respectively. While donors had been very generous in supporting funding needs, their contributions to HRPs had not kept pace with the growing humanitarian needs.

43. The audit also noted the following:

(a) A small number of donors contributed about 60 per cent of the contributions received in the years 2012 to 2015. Among these top donors, one contributed one-third of the total contributions. This limited donor base made the sustainability of each funding mechanism vulnerable to any adverse funding decisions of these donors, especially the OCHA extrabudgetary programme budget which supported the OCHA coordination mandate rather than emergency response assistance.

(b) Although the growing shortfall of contributions was caused by humanitarian needs outpacing funding availability, according to feedback from key stakeholders, there was also a perceived lack of transparency in costing the needs. To further strengthen the approach taken to cost needs, in October 2015, the Programme Support Branch prepared a note to the Senior Management Team on costing HRP. The paper discussed activity-based costing and suggested applying a parametric cost estimation model with the engagement of a private sector partner to design the model. The topic was included in the World Humanitarian Summit agenda and its implementation was subject to the Summit outcome.

(c) There was often a time lag in disclosing all available humanitarian funding in FTS because some partners delayed reporting un-earmarked funding until it was allocated. This can result in the funding gap being overstated.

(d) Although actual overall contributions from donors had generally remained stable in the original currency, the United States dollar equivalents had been impacted by exchange rate fluctuations.

44. Additionally, there was no coordinated approach to how CBPFs humanitarian financing units were managed at both the country and corporate levels. Humanitarian financing units were financed either through: (a) OCHA extrabudgetary programme budget, such as in Turkey; or (b) CBPFs as a direct cost, such as in South Sudan. The units funded from OCHA extrabudgetary programme budget had little room for scaling the resource requirements up or down in line with the growth or decline in the pooled funds.

45. At this time, there was no contingency planning in OCHA to address the sustainability of the humanitarian emergency response coordination mandate in the event of a sudden decline in donor contributions. In addition, OCHA needed to work with the IASC Working Group through the Humanitarian Financing Task Team to strengthen transparency in costing needs in HRP and to minimize superficial funding gaps.

(4) OCHA should develop an overall contingency plan identifying practical options that could be taken if it were unable to raise sufficient resources to fund its extrabudgetary programme budget, country-based pooled funds and the Central Emergency Response Fund.

OCHA accepted recommendation 4. Recommendation 4 remains open pending receipt of an overall contingency plan for continued funding sustainability.

(5) The Emergency Relief Coordinator should work with the Inter-Agency Standing Committee Working Group, through the Humanitarian Financing Task Team, to identify a methodology for costing humanitarian response plans to ensure donor confidence and minimize superficial funding gaps.

OCHA accepted recommendation 5 and stated that its Under-Secretary-General would continue working with IASC principals to identify a new costing methodology to increase transparency and donor confidence. Recommendation 5 remains open pending receipt of the new methodology for costing HRP.

(6) OCHA should harmonize the funding arrangements of humanitarian financing units, considering these as direct costs of country-based pooled funds. This approach would ensure that the units could be scaled up or down as appropriate depending on the size and the complexity of the respective pooled funds.

OCHA accepted recommendation 6 and stated that harmonization of direct costing had been approved by OCHA Senior Management and the Pooled Fund Working Group made up of CBPF donors and stakeholders. OCHA Funding Coordination Section will help guide colleagues on its implementation, encompassing the Grant Management System application of the direct cost “type” of budget. Recommendation 6 remains open pending receipt of documentation relating to the common approach to funding humanitarian financing units.

IV. ACKNOWLEDGEMENT

46. 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 resource mobilization in the Office for the Coordination of Humanitarian Affairs

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1.	OCHA should develop an overall Policy Instruction on Resource Mobilization that: (a) outlines key principles, as well as inter- and intra-organizational relationships; (b) clearly distinguishes the differences in its resource mobilization functions related to different funding streams; and (c) harmonizes various strategies, policies and operational documents to ensure coherence and complementarity across the Office.	Important	O	Submission of the overall Policy Instruction on Resource Mobilization.	30 June 2017
2.	OCHA should establish a corporate resource mobilization strategy for country-based pooled funds to increase funding in proportion to humanitarian response plans and outline the visibility plan for the pooled funds, including senior management's role in advocating for and promoting them.	Important	O	Submission of the corporate CBPF resource mobilization strategy.	30 June 2017
3.	OCHA should conduct a feasibility study to determine additional potential for receiving in-kind or cash contributions from the private sector, including individual giving.	Important	O	Submission of the results of the feasibility study.	30 September 2017
4.	OCHA should develop an overall contingency plan identifying practical options that could be taken if it were unable to raise sufficient resources to fund its	Important	O	Submission of an overall contingency plan for the continued funding sustainability.	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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
	extrabudgetary programme budget, country-based pooled funds and the Central Emergency Response Fund.				
5.	The Emergency Relief Coordinator should work with the Inter-Agency Standing Committee Working Group, through the Humanitarian Financing Task Team, to identify a methodology for costing humanitarian response plans to ensure donor confidence and minimize superficial funding gaps.	Important	O	Submission of evidence that a new methodology for costing HRP's has been developed.	31 December 2016
6.	OCHA should harmonize the funding arrangements of humanitarian financing units, considering these as direct costs of country-based pooled funds. This approach would ensure that the units could be scaled up or down as appropriate depending on the size and the complexity of the respective pooled funds.	Important	O	Submission of documentation evidencing the common approach to funding humanitarian financing units.	31 December 2016

APPENDIX I

Management Response

United Nations  Nations Unies
INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

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

DATE: 9 August 2016

REFERENCE: IAD: 16-00345

THROUGH:
S/C DE:

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

SUBJECT: **Response to the draft report of the audit on resource**
OBJET: **mobilization in OCHA (AN2015/590/06)**

1. In reference to your memorandum dated 26 July 2016, I am enclosing OCHA's comments on the draft report of the audit on resource mobilization in OCHA.
2. Thank you for incorporating some of our last comments into the draft. Resource mobilization and contingency planning truly require multi-pronged approaches and the 'one-size-fits-all' may not best serve the specific needs of the different mechanisms in OCHA.
3. Regardless, I accept all the recommendations of the draft report.
4. Thank you.

cc: B. Jones

Management Response

Audit of resource mobilization in the Office for the Coordination of Humanitarian Affairs

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1.	OCHA should develop an overall Policy Instruction on Resource Mobilization that: (a) outlines key principles, as well as inter- and intra-organizational relationships; (b) clearly distinguishes the differences in its resource mobilization functions related to different funding streams; and (c) harmonizes various strategies, policies and operational documents to ensure coherence and complementarity across the Office.	Important	Yes	Chief, Partnerships and Resource Mobilization Branch	Q2 2017	Drawing on the current PRMB Resource Mobilization Guidelines (2016) and other relevant CERF and CBPF Policy Instructions, a draft overall Policy Instruction on Resource Mobilization (which should include strategic communications) for OCHA will be developed.
2.	OCHA should establish a corporate resource mobilization strategy for country-based pooled funds to increase funding in proportion to the humanitarian response plans and outline the visibility plan for the pooled funds, including senior management's role in advocating for and promoting them.	Important	Yes	Chief, Funding Coordination Section	Q2 2017	OCHA will ensure that the CBPF resource mobilization strategy is well integrated and coordinated with the above mentioned PI and completed by May 2017.
3.	OCHA should harmonize the funding arrangements of humanitarian financing units, considering these as direct costs of country-based pooled funds. This approach would ensure that the units could be scaled up or down as appropriate depending on the size and the complexity of the respective pooled funds.	Important	Yes	Chief, Funding Coordination Section	Q4 2016	The direct costing harmonization has been approved by OCHA Senior Management and presented and approved by the Pooled Fund Working Group made up of CBPF donors and stakeholders. OCHA FCS will help guide colleagues on the implementation, encompassing the

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 resource mobilization in the Office for the Coordination of Humanitarian Affairs

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						Grant Management System application of the Direct Cost 'type' of budget.
4.	OCHA should conduct a feasibility study to determine additional potential for receiving in-kind or cash contributions from the private sector, including individual giving.	Important	Yes	Chief, Partnerships and Resource Mobilization Branch	Q3 2017	Contingent on available funding in 2017, OCHA agrees on the need to conduct a feasibility study which would determine the viability of OCHA's engagement in more extensive efforts to mobilize resources and accept cash and in-kind contributions from the private sector, including from businesses, foundations, high-net worth individuals and other forms of individual giving. The study would examine challenges and opportunities that might be presented by such efforts and would also look at differences in resource mobilization potential and acceptance of contributions for OCHA, pooled funds and overall humanitarian needs.
5.	OCHA should develop an overall contingency plan identifying practical options that could be taken if it were unable to raise sufficient resources to fund its extrabudgetary programme budget, country-based pooled funds and the Central Emergency Response Fund.	Important	Yes	Chief, Partnerships and Resource Mobilization Branch, Chief, CERF secretariat, Chief, Funding Coordination Section and OCHA	Q4 2017	This recommendation should be better fleshed out. For the time being the recommendation lumps together the need to have a contingency plan for not meeting XB resources, CERF and CBPFs. The implications of a funding shortfall are however completely different and will call for completely different measures. A single contingency plan can still address all of this in one document but if the recommendation was

Management Response

Audit of resource mobilization in the Office for the Coordination of Humanitarian Affairs

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				Executive Officer		spelled out in more detail it would help clarify what is expected from OCHA.
6.	The Emergency Relief Coordinator should work with the Inter-Agency Standing Committee Working Group, through the Humanitarian Financing Task Team, to identify a methodology for costing humanitarian response plans to ensure donor confidence and minimize superficial funding gaps.	Important	Yes	Chief, Programme Support Branch	Q4 2016	The USG will continue working with the IASC principals to identify a new costing methodology to increase transparency and donor confidence. Please note that this is an ongoing area of work that should be finalized in November 2016. Four agencies (WFP, FAO, WB, OCHA and UNHRC) and external consultants are already developing the new methodology.