Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

REPORT 2016/071

Audit of the Office of the High Commissioner for Human Rights fundraising activities

Overall results relating to the effective management of fundraising activities were initially assessed as partially satisfactory. Implementation of five important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

24 June 2016
Assignment No. AE2015/330/02

CONTENTS

AUDIT REPORT

Audit of the Office of the High Commissioner for Human Rights fundraising activities

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of the Office of the High Commissioner for Human Rights (OHCHR) fundraising activities.

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.   OHCHR was established by General Assembly resolution 48/141 for promoting and protecting human rights for all. It is also responsible for providing support to the human rights mechanisms in the United Nations system, i.e., the Human Rights Council and the Human Rights Treaty Bodies. OHCHR is headed by the High Commissioner and supported by the Deputy High Commissioner based in Geneva, and the Assistant Secretary-General for Human Rights, based in New York. It has 12 regional offices and centres, 14 country or stand-alone offices and 24 Human Rights Advisors in the United Nations Country Teams. In addition, OHCHR has an agreement with the Department of Peacekeeping Operations to provide substantive support to the human rights components of peace missions. As at 31 December 2015, OHCHR had 1,189 staff (474 of whom were based in the field offices).

4.   The Donor and External Relations Section (DEXREL), which was a part of the External Outreach Service (EOS), has the mandate to obtain stable, predictable, and flexible funding from Member States and other donors. EOS also had within it the Communication Section and the Meetings Documents and Publication Unit. DEXREL was headed by a Chief at P-5 level and assisted by nine professional staff and one programme assistant. The Chief of DEXREL reported to the Chief of EOS, who in turn reported to the Deputy High Commissioner. DEXREL was fully funded from extrabudgetary funds and had an operational budget of $200,000 per year. In 2014, DEXREL established a post in the OHCHR Regional Office for Europe in Brussels to manage the relationship with the European Union institutions.

5.   OHCHR budget for the 2014-2015 biennium was $467 million, of which $266 million (57 per cent) was expected to be funded from voluntary (extrabudgetary) contributions. OHCHR accepted contributions from Member States and other donors including foundations, non-governmental organizations, individuals and other United Nations organizations. Government donors comprised approximately 95 per cent of the voluntary contributions. OHCHR had signed multi-year arrangements with 12 donors, including 10 Member States, whose donations ranged from $1,000 to $15 million per year. In the last three years (2013, 2014 and 2015), OHCHR received voluntary contributions totalling $121 million, $124 million and $126 million respectively. These were $5 million, $15 million and $2 million short of its expenditures for the three years, respectively.

6.   Comments provided by OHCHR are incorporated in *italics*.

II.   OBJECTIVE AND SCOPE

7.   The audit was conducted to assess the adequacy and effectiveness of OHCHR governance, risk management and control processes in providing reasonable assurance regarding the **effective management of fundraising activities by OHCHR**.

8.   The audit was included in the OIOS 2015 risk-based work plan due to the risk that lack of adequate funding could negatively impact the ability of OHCHR to effectively deliver its mandated objectives.

9.   The key controls tested for the audit were: (a) strategic planning and risk assessment; and (b) fundraising capacity. For the purpose of this audit, OIOS defined these key controls as follows:

> (a)   **Strategic planning and risk assessment** - controls that provide reasonable assurance that strategic planning mechanisms for fundraising are in place and implemented effectively, and that risks to achieving fundraising objectives are assessed and appropriately managed.

> (b)   **Fundraising capacity** - controls that provide reasonable assurance that OHCHR has the appropriate capacity to meet fundraising targets and expectations in accordance with its strategic priorities, plans and policies.

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

11.   OIOS conducted this audit from October 2015 to March 2016. The audit covered the period from January 2013 to December 2015.

12.   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

13.   The OHCHR governance, risk management and control processes examined were initially assessed as **partially satisfactory[1]** in providing reasonable assurance regarding the **effective management of fundraising activities by OHCHR**. OIOS made five recommendations to address issues identified in the audit.

14.   Strategic planning and risk assessment was assessed as partially satisfactory because OHCHR needed to: (i) finalize the draft resource mobilization strategy in consultation with key stakeholders and establish an action plan for its implementation; (ii) develop a communication strategy and ensure that its implementation is included in the Communication Section's work plan; and (iii) assess fundraising risks and identify measures to mitigate them.

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

15.   Fundraising capacity was assessed as partially satisfactory because OHCHR needed to: (i) strengthen guidelines and coordination mechanisms on resource mobilization activities; and (ii) assess and ensure that EOS has the capacity to achieve the Office's resource mobilization goals.

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

<div align="center">

Table 1: Assessment of key controls

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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 fundraising activities by OHCHR	(a) Strategic planning and risk assessment	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Fundraising capacity	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A.   Strategic planning and risk assessment

Need to finalize the draft resource mobilization strategy in consultation with key stakeholders

17.   As a best practice implemented in many United Nations organizations that significantly rely on voluntary contributions, a fundraising/resource mobilization strategy should be in place, outlining the vision of the office towards common resource mobilization goals. Such a strategy should be developed in consultation with key stakeholders to increase the chances of its success. In 2013, recognizing the importance of resource mobilization, OHCHR appointed a chief at D-1 level for EOS.

18.   DEXREL had developed a draft resource mobilization strategy in 2012 which it revised in 2013 and 2014. The latest draft aims at securing more funding through strengthening the current funding base, broadening the traditional government donor base, enhancing engagement with the private sector, and improving internal skills and capacity of the Office in fundraising.

19.   However, the 2013 and 2014 draft strategies were not presented to the Senior Management Team or the Programme and Budget Review Board (PBRB) for review, even though PBRB had repeatedly stressed the need for a fundraising strategy in its meetings in September 2014, October 2014 and August 2015. The draft strategy had not been endorsed by OHCHR senior management and was yet to be operationalized. Senior management also indicated that the draft strategy was not developed through a participative process with other OHCHR Divisions. Engaging PBRB and other parts of OHCHR in the development of the strategy is necessary to get their input and buy-in and to help embed a fundraising culture within the Office. The latest draft strategy included a costed plan which showed that approximately $2 million was required to operationalize it. Since the budget had not been reviewed and approved by OHCHR senior management, DEXREL had not been allocated any additional funds to implement the strategy.

20.   The lack of a clear fundraising strategy based on input from key stakeholders, and an action plan to operationalize it, may potentially have an adverse impact on the Office's fundraising activities.

> **(1) OHCHR should finalize its resource mobilization strategy with input from key stakeholders and establish an action plan for its implementation.**
>
> *OHCHR accepted recommendation 1 and stated that it commits to develop a resource mobilization strategy with an associated action plan through an inclusive process, with input from key stakeholders as appropriate.* Recommendation 1 remains open pending receipt of the finalized version of the resource mobilization strategy with input from key stakeholders and an action plan for its implementation.

Need to develop a communication strategy

21.   For the fundraising strategy to be effective, it is essential to develop a robust communication strategy that includes marketing and outreach. The OHCHR 2014-2017 Management Plan defined goals and targets related to communications whereby OHCHR intended to develop a targeted global communications strategy, enhance media coverage of the Office's work, and expand outreach to civil society actors by 50 per cent. Further, one of OHCHR Global Management Outputs (GMO7) for the 2014-2017 Management Plan is "improved awareness and understanding of and support to OHCHR's mission and programme by Member States and other stakeholders".

22.   OHCHR was yet to develop a communication strategy to communicate its vision, and to support its resource mobilization and outreach activities. Roles and responsibilities for the development of a communication strategy were not included in the Communication Section's work plan and its staff members' performance evaluations. The lack of a communication strategy and accountability for its implementation could impede the Office's ability to communicate effectively and achieve its fundraising goals.

> **(2) OHCHR should ensure that targets and goals for developing a communication strategy and overseeing its implementation are included in the Communication Section's work plan and its staff members' performance evaluations.**
>
> *OHCHR accepted recommendation 2 and stated that it commits to develop a communications strategy with specific goals and targets, with a component in support of OHCHR resource mobilization ambitions, and will ensure that this is reflected in the Communications Section's and individual staff members work plans.* Recommendation 2 remains open pending receipt of evidence that OHCHR has included targets and goals for developing a communication strategy and overseeing its implementation in the Communication Section's work plan and its staff members' performance evaluations.

Need to assess fundraising risks and identify measures to mitigate them

23.   The United Nations Enterprise Risk Management (ERM) and Internal Control Policy adopted in May 2011 requires Risk and Internal Control Focal Points in departments and offices to customize the Secretariat-wide risk universe to reflect the risks relevant to their entities and to monitor the effectiveness of risk management and internal control measures. As a best practice, risk assessment in the areas of funding, governance and external stakeholder relations should be aligned with the organization's fundraising objectives. Monitoring and reporting on risks should be embedded in management of operations.

24.   OHCHR had not prepared an entity-level risk assessment and had also not formally assessed resource mobilization-related risks and actions to mitigate them. OHCHR needed to assess and manage risks that could prevent it from achieving its fundraising goals as stipulated in its Management Plans and the annual appeal document. It also needed to assess the risks associated with not achieving its fundraising goals which could require a reduction in its operational budget. Interviews with senior management indicated that the Office tended to be reactive towards the end of the year when it was discovered that the remaining funds were insufficient to cover the expenditures. Further, OHCHR needed to assess and manage risks that are inherent to receiving funds from certain sources such as the private sector, and earmarked funding, so that its operations are not adversely affected.

> **(3) OHCHR should assess the risks relating to resource mobilization and establish measures to mitigate them.**
>
> *OHCHR accepted recommendation 3 and stated that it commits to have a risk assessment framework for its outreach activities that will identify mitigation measures for a series of risks pertaining to communication and fundraising activities.* Recommendation 3 remains open pending receipt of evidence that OHCHR has assessed resource mobilization-related risks and established measures to mitigate them.

B.   Fundraising capacity

<u>Need to strengthen guidelines and coordination mechanisms on resource mobilization-related activities</u>

25.   Resource mobilization tasks at OHCHR were not only performed by DEXREL but they cut across all OHCHR services and sections, including senior management. Therefore, clarity of roles and responsibilities and strong coordination are essential to ensure consistency, effective collaboration, and accountability. OIOS noted the following with regard to fundraising tasks:

a)   Field presences

26.   OHCHR had a network of 26 field offices which varied in programme size and content and were mostly staffed by extrabudgetary or project personnel. More than 40 per cent of OHCHR staff were deployed in the field, which had no targets in their work plans for resource mobilization activities. OIOS review of field offices' work plans showed that resource mobilization activities were ad hoc and mostly driven by the individual initiative of the Head of the field presence. Sixty per cent of Heads of field presences that responded to the OIOS survey described their partnership with EOS as weak. They indicated that although they could play an active role in fundraising by contacting donors and presenting their achievements at the field level, there were no clear instructions and guidelines given to them to perform activities related to resource mobilization. Moreover, they stated that there was a need to clarify EOS roles and responsibilities in supporting field presences to ensure effective communication and information-sharing. An OIOS audit of the OHCHR Country Office in Guatemala (Report 2015/024) had recommended that OHCHR establish clear fundraising goals and targets in field offices' work plans to enhance their accountability for fundraising issues. This recommendation was yet to be implemented.

b)   Coordination mechanisms

27.   The use of reserves to cover funding gaps for the last five years, coupled with increase in the Office's operational requirements, had led Divisions and Services to search for funding for their own programmes. This was contrary to the standard operating procedures on donor relations and fundraising which stated that staff are encouraged to undertake fundraising work in close cooperation with DEXREL.

OIOS surveyed EOS staff, senior management and field presences' representatives to determine, *inter alia*, the effectiveness of their interaction, coordination and cooperation in resource mobilization activities. Fifty per cent of the respondents were of the view that coordination and cooperation could be further improved. Some comments made by the staff surveyed were as follows:

> ➤ The organizational culture toward fundraising needs to be reviewed, as there are often divergent information communicated to Member States on the Office's needs and priorities.

> ➤ There is a need for close coordination between DEXREL and substantive divisions at Headquarters to have a consistent approach and to reduce the risk of donors earmarking contributions.

> ➤ There is lack of teamwork and coordination in resource mobilization activities as there are different parts of the Office engaged in separate fundraising.

28.   These deficiencies could be attributed to the fact that the standard operating procedures on donor relations and fundraising did not include adequate guidance and coordination mechanisms on resource mobilization activities.

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(4) OHCHR should strengthen its guidelines and coordination mechanisms on resource mobilization activities.

OHCHR accepted recommendation 4 and stated that it commits to strengthen guidelines and improve coordination on resource mobilization related activities, at all levels. Recommendation 4 remains open pending receipt of evidence that appropriate guidelines and coordination mechanisms on resource mobilization activities have been established.

Need to ensure that EOS has adequate capacity to achieve its resource mobilization goals

29.   EOS was established in 2013 to create synergies between the different external relations services (DEXREL, Communication Section and the Meetings Documents and Publication Unit) and to maximize the impact of their work. According to the 2014-2017 Management Plan, OHCHR intends to: (a) expand its donor base by 30 per cent; (b) maintain un-earmarked contribution at 50 per cent of yearly voluntary contributions; and (c) increase the number of users of its social media platforms by 50 per cent annually. However, OHCHR had not assessed the capacity of EOS to achieve these goals. The draft fundraising strategy included details of additional resources of approximately $2 million needed to strengthen the resource mobilization capacity but this had not been reviewed and approved by PBRB. DEXREL budget had not increased since 2013 and it had not conducted a staff development needs assessment in the last two years to identify and address any significant gaps in skills.

30.   Lack of resources could affect EOS ability to deliver the targeted results. DEXREL and the Communication Section indicated that they were unable to dedicate capacity to widening the donor base and develop a global communication strategy because it would be to the detriment of the existing donor base and could jeopardize the existing extrabudgetary funds. The main focus of EOS was to maintain relations with current donors and partners and update the website. This approach was not effective in expanding the donor base by reaching out to new donors.

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(5) OHCHR should assess and ensure that the External Outreach Service has the required capacity to achieve its resource mobilization goals.

OHCHR accepted recommendation 5 and stated that it commits to assess and ensure that EOS has

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> *the required capacity to achieve its resource mobilization goals.* Recommendation 5 remains open pending receipt of the results of the assessment done on EOS capacity to achieve its resource mobilization goals.

IV. ACKNOWLEDGEMENT

31.   OIOS wishes to express its appreciation to the Management and staff of OHCHR 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 Office of the High Commissioner for Human Rights fundraising activities

Recom. no.	Recommendation	Critical[2]/ Important[3]	C/ O[4]	Actions needed to close recommendation	Implementation date[5]
1	OHCHR should finalize its resource mobilization strategy with input from key stakeholders and establish an action plan for its implementation.	Important	O	Receipt of the finalized version of the resource mobilization strategy with input from key stakeholders and an action plan for its implementation.	31 December 2017
2	OHCHR should ensure that targets and goals for developing a communication strategy and overseeing its implementation are included in the Communication Section's work plan and its staff members' performance evaluations.	Important	O	Receipt of evidence that OHCHR has included targets and goals for developing a communication strategy and overseeing its implementation in the Communication Section's work plan and its staff members' performance evaluations.	31 December 2017
3	OHCHR should assess the risks relating to resource mobilization and establish measures to mitigate them.	Important	O	Receipt of evidence that OHCHR has assessed resource mobilization related risks and established measures to mitigate them.	31 December 2017
4	OHCHR should strengthen its guidelines and coordination mechanisms on resource mobilization activities.	Important	O	Receipt of evidence that appropriate guidelines and coordination mechanisms on resource mobilization activities have been established.	31 December 2017
5	OHCHR should assess and ensure that the External Outreach Service has the required capacity to achieve its resource mobilization goals.	Important	O	Receipt of the results of the assessment done on EOS capacity and capability to achieve its resource mobilization goals.	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 OHCHR in response to recommendations.

APPENDIX I

Management Response

NATIONS UNIES
DROITS DE L'HOMME
HAUT-COMMISSARIAT

UNITED NATIONS
HUMAN RIGHTS
OFFICE OF THE HIGH COMMISSIONER

MEMORANDUM INTERIEUR · INTEROFFICE MEMORANDUM

A: TO:	Mr. Gurpur Kumar, Deputy Director Internal Audit Division Office of Internal Oversight Services	DATE: 20 June 2016
S/C DE: THROUGH:		REFERENCE:
DE: FROM:	Kate Gilmore, Deputy High Commissioner Office of the High Commissioner for Human Rights	
OBJET: SUBJECT:	**Response to the report on an audit of the fundraising activities in the Office of the United Nations High Commissioner for Human Rights (Assignment No. AE2015/330/02)**	

1.   With reference to your memorandum of 7 June 2016, through which you shared the above-mentioned report for review, I am pleased to hereby attach comments from OHCHR.

2.   As requested, the response includes a plan with target dates and the titles of the individuals responsible for implementing the recommendations.

3.   OHCHR would like to thank you for the efforts of your colleagues in preparing the report and for the useful recommendations contained therein.

cc:

Mr. Kyle Ward, Chief, Programme Support and Management Services, OHCHR
Ms. Jennifer Worrel, Chief, Policy, Planning, Monitoring and Evaluation Services, OHCHR
Mr. Laurent Sauveur, Chief, External Outreach Service, OHCHR
Ms. Cynthia Avena-Castillo, Professional Practices Section, Internal Audit Division, OIOS

Management Response

Audit of the Office of the High Commissioner for Human Rights fundraising activities

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	OHCHR should finalize its resource mobilization strategy with input from key stakeholders and establish an action plan for its implementation.	Important	Yes	Chief EOS	End 2017	OHCHR commits to develop a resource mobilization strategy with an associated action plan through an inclusive process, with input from key stakeholders as appropriate,
2	OHCHR should ensure that targets and goals for developing a communication strategy and overseeing its implementation are included in the Communication Section's work plan and its staff members' performance evaluations.	Important	Yes	Chief EOS	End 2017	OHCHR commits to develop a communications strategy with specific goals and targets, with a component in support of OHCHR resource mobilization ambitions, and will ensure that this is reflected in the Communications Section's and individual staff members work plans.
3	OHCHR should assess the risks relating to resource mobilization and establish measures to mitigate them.	Important	Yes	Chief EOS	End 2017	OHCHR commits to have a risk assessment framework for its outreach activities that will identify mitigation measures for a series of risks pertaining to communication and fundraising activities.
4	OHCHR should strengthen its guidelines and coordination mechanisms on resource mobilization activities.	Important	Yes	Chief EOS	End 2017	OHCHR commits to strengthen guidelines and improve coordination on resource mobilization related activities, at all levels.
5	OHCHR should assess and ensure that the External Outreach Service has the required capacity to achieve its resource mobilization goals.	Important	Yes	DHC	End 2017	OHCHR commits to assess and ensure that the External Outreach Service has the required capacity to achieve its resource mobilization goals.

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

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