



International Federation  
of Red Cross and Red Crescent Societies

**OFFICE OF INTERNAL AUDIT  
AND INVESTIGATIONS**

**INTERNAL AUDIT OF THE SOUTH SUDAN COUNTRY OFFICE  
REPORT NO. IA-2016-07**

**AUDIT PERFORMED: MAY 2016**

**REPORT DATE: OCTOBER 2016**

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## PART I INTRODUCTION & EXECUTIVE SUMMARY

### 1. BACKGROUND AND CONTEXT

The South Sudan Country Office (the “Country Office”) of the International Federation of Red Cross and Red Crescent Societies (IFRC) is based in Juba and located in the Office premise of the South Sudan Red Cross (the “SSRC”). The SSRC became the newest member of the Red Cross and Red Crescent movement, when it was established at the independence of South Sudan on 9 July 2011. The Country Office is part of the Africa Region, with its main objectives to provide support to SSRC strategic plans.

The focus areas of the SSRC strategic plan for 2013-2017 are on disaster management, health, communication, volunteering, organizational development, partnership and resource mobilization. In 2013, critical challenges emerged as the new country faced widespread internal conflict that affected the population. Millions of the South Sudan population were displaced in the neighbouring countries of Uganda, Ethiopia, Sudan and Kenya. A Disaster Relief Emergency Fund (DREF) was launched in January 2014, followed by an Emergency Appeal in March of the same year for ~CHF4.7 million. The appeal was further revised to ~CHF6.7 million to provide assistance to the internally displaced population and those living in cholera affected areas. The appeal ended in January 2015, with the focus now on the implementation of the strategic plans.

As at the audit, the Office employed five national staff and one surge capacity staff from the Africa Regional Office. The Country Office is overseeing a 2016 annual budget of ~CHF1.5 million. This is the first internal audit of the Office and it was performed in May 2016.

### 2. OBJECTIVE OF THE AUDIT

The purpose of the audit is to provide management with reasonable assurance in relation to the adequacy and effectiveness of governance, risk management and control processes.

This is achieved by focusing on the following:

- a) *Effectiveness*: To assess the adequacy and effectiveness of the processes, systems and internal controls (including segregation of duties, delegation of authority, and risk management);
- b) *Efficiency*: To appraise the economic and efficient use of resources;
- c) *Asset safeguarding*: To appraise the safeguarding of assets which includes human resources, financial, and other tangible, as well as non-tangible (e.g. reputation and branding) assets;
- d) *Reporting*: To assess the reliability and integrity of financial and operational information, and the means to report such information; and
- e) *Compliance*: To assess the compliance with relevant laws, regulations and the Federation Secretariat’s policies and procedures.

### 3. SCOPE AND METHODOLOGY

The scope of the audit includes a review of the following, with a risk based approach used to prioritize the audit activities:

#### A) *Oversight and Risk management*

- Risk management (including the process to identify, assess and manage risk), governance and oversight.

- Coordination and organization of work, including communication.
- Legal risk management including contracts management, and integration agreements with Partner National Societies.

**B) Programme and partnerships management**

- Programme management including of Appeals and Disaster Relief Emergency Funds (DREF), and planning, monitoring, evaluation and reporting systems.
- Resource development, including resource mobilization, pledge management, and partnerships.
- Logistics, procurement and fleet management.
- Security management.

**C) Operations support**

- Finance, including accounting, treasury, cash and banking, and supporting documentation for expenditure and journal transactions.
- Human resource management, including payroll, recruitment, and performance management.
- Administration, including travel, filing and archiving.
- Assets and inventory safeguarding.
- Information systems including backups.

Conclusions of the audit are based on the review and analysis, on a test basis, of relevant information. The scope of internal audit includes reviewing the risks of fraud, but does not include detecting and investigating fraud.

**4. SUMMARY OF KEY FINDINGS AND MANAGEMENT ACTION PLAN**

**Number of agreed action points by section/priority\*:**

| SECTION   | Agreed Action Points |                 |              |
|---|----------------------|-----------------|--------------|
|   | High Priority        | Medium Priority | Low Priority |
| <b>OVERSIGHT AND RISK MANAGEMENT</b>                            | <b>4</b>             | <b>1</b>        | <b>-</b>     |
| A1 Risk management, oversight and monitoring                    | 1                    | -               | -            |
| A2 Organisation, coordination and communication                 | 1                    | 1               | -            |
| A3 Legal and supplementary services                             | 2                    | -               | -            |
| <b>PROGRAMME AND PARTNERSHIP MANAGEMENT</b>                     | <b>3</b>             | <b>4</b>        | <b>-</b>     |
| B1 Programming, planning, monitoring, evaluation, and reporting | 1                    | -               | -            |
| B2 Resource development and partnership management              | 1                    | 1               | -            |
| B3 Logistics, procurement and fleet                             | 1                    | 2               | -            |
| B4 Security   | -                    | 1               | -            |
| <b>OPERATIONS SUPPORT</b>                                       | <b>3</b>             | <b>8</b>        | <b>3</b>     |
| C1 Finance  | 3                    | 2               | -            |
| C2 Human resources  | -                    | 4               | 1            |
| C3 Administration   | -                    | 1               | 1            |
| C4 Assets and inventory   | -                    | -               | 1            |
| C5 Information systems  | -                    | 1               | -            |
| <b>TOTAL AGREED ACTION POINTS</b>                               | <b>10</b>            | <b>13</b>       | <b>3</b>     |

\*The various priority levels are defined in Annex 1.

### Improvement areas

Observations which had a primary risk relating to the audit objectives of effectiveness, efficiency, safeguarding of assets, and reporting are summarised below.

| Audit objectives |                    | High Priority | Medium Priority | Low Priority |
|------------------|--------------------|---------------|-----------------|--------------|
| a)               | Effectiveness      | 3             | 1               | -            |
| b)               | Efficiency         | 1             | 3               | 1            |
| c)               | Asset Safeguarding | 5             | 8               | 2            |
| d)               | Reporting          | 1             | 1               | -            |
| <b>Total</b>     |                    | <b>10</b>     | <b>13</b>       | <b>3</b>     |

A summary of the high priority risks by audit objective is as follows:

#### Effectiveness

There are three high priority management action points (#1, #6, #7) with a primary risk related to effectiveness. To improve effectiveness, the Country Office should:

- *Develop a risk management process to ensure that risks are adequately identified, assessed and mitigated through a documented action plan, as well as to establish effective communication on global policies and procedures to staff. (Agreed action #1).*
- *Develop action plans with set timeframes to ensure that reports are timely followed up; establish an escalation mechanism to timely inform the Senior Management Team as well as in the Regional Office (regarding overdue reports); develop a system to proactively monitor project management practices; and establish a robust system to ensure all reporting and evaluation statuses are timely and accurately recorded into APPLE (Agreed action #6).*
- *Coordinate resource development plans with the Africa Regional Office to identify funding opportunities, and review the plans on a periodical basis in order to reflect the current funding situation (Agreed action #7).*

#### Efficiency

There is one high priority management action point (#11) with a primary risk related to efficiency. To improve efficiency on vehicle management, including fuel and maintenance process, the Country Office should:

- *Perform an assessment regarding the number of vehicles required by the Country Office, and any excess vehicle is transferred/disposed appropriately.*
- *Perform checks of the condition of the vehicle and its equipment using the vehicle inspection report.*
- *Establish a process to ensure vehicles are supported by timely requests, to enable proper planning of trips and duty drivers.*
- *Use the standard IFRC stock management process to record fuel stock movement; document the fuel management process, from start to end, with defined roles and responsibilities for each step of the process and ensuring appropriate segregation of duties.*
- *Reconcile cash receipts and bid forms to ensure that amount received are correct. All cash received are immediately recorded in the financial accounts.*
- *Review the agreement with the vehicle maintenance service provider on a timely basis.*
- *Perform due diligence checks on price quotations from the supplier against the price lists agreed in contracts. Discrepancies in price should be investigated and documented.*

### Asset Safeguarding

There are five high priority management action points (#2, #4, #5, #14, #16) with a primary risk related to asset safeguarding. To improve asset safeguarding, the Country Office should:

- *Finalise the recruitment of the Head of Country Office, and clarify and communicate key functions regarding Movement Coordination and donor relations (Agreed action #2).*
- *Upload contracts into the e-contracts database, and ensure that future agreements/contracts are signed in accordance with the contracts approval matrix; establish a rental contract with the Host National Society; establish project agreements with standard terms, and annexes with the Host National Society (Agreed action #4).*
- *Review the SOSOC budget and cost allocation rates and disseminate the final SOSOC rates to PNS who receives services from the IFRC (Agreed action #5).*
- *Establish standard project agreements for each project implemented with the Partner; verify the Partner working advance report and its supporting documentation; document delegation of authority on budget holder for projects prior to staff leaving; validate (by IFRC Finance) the transactions before posting the journals into the accounting system; develop an action plan to follow-up outstanding working advance reporting (Agreed action #14).*
- *Monitor and mitigate foreign exchange risks; and ensure transfers to Partners are made in hard currency such as USD to minimise the impact of foreign exchange fluctuation risks. (Agreed action #14).*
- *Timely process the cash forecasts for the period covering the current month and the following month; prepare the cash forecast based on expected cash flows for agreed plans; submit a documented cash forecast for all cash needs. (Agreed action #16).*
- *Reference all cash movements recorded in the cash electronic ledger to facilitate a reconciliation; ensure the petty cash box is kept locked at all times; and perform spot checks on cash with the results documented (Agreed action #16).*

### Reporting

There is one high priority management action point (#13) with a primary risk related to reporting. To improve reporting, the Country Office should:

- *Ensure adequate segregation of duties between the oversight function and the financial recording function; unusual entries, including deleted and cancelled journal transactions in CODA are reviewed and authorized by an independent authority; the CODA month-end financial checklist is used to document financial checks and outstanding issues; and suppliers` accounts with the use of SPI CODA document are implemented (Agreed action #13).*

## **PART II DETAILED OBSERVATIONS & MANAGEMENT ACTION PLAN**

REPORT NO. IA-2016-07

## SECTION A – OVERSIGHT AND RISK MANAGEMENT

|             |   |
|-------------|---|
| <b>A1</b>   | <b>RISK MANAGEMENT, OVERSIGHT AND MONITORING</b>  |
| <b>A1.1</b> | <p><b>Risk management</b></p> <p>The 2016 Country Operational Plan identified the IFRC Country Office’s two priorities as: (i) Partner’s organizational development; and (ii) Movement coordination. Six key risks identified in this document included inadequate funds, lack of movement focus, security, legal and bureaucratic constraints, economic crisis, and disruption of projects. However, a systematic process to assess and manage these risks has not yet been established.</p> <p>At the time of the audit, the Country Office was facing a significant lack of funding to sustain its current structure, and projects are in deficit. The position of Head of Country Office (HoCO) is vacant and has yet to be formally replaced. A suitable candidate has been identified but a lack of sustainable funding to support the costs has been identified as one of the main challenges.</p> <p>The absence of IFRC leadership at the Country Office and sustainable funding, are high risks which requires an immediate risk mitigation plan.</p> |
| <b>A1.2</b> | <p><b>Governance and oversight</b></p> <p><u>Internal controls – policies and procedures</u></p> <p>Interviews with staff and the observation of practices indicated that in general, relevant policies and procedures were <u>not</u> known by all staff interviewed. Dissemination of information are dependent on the individuals receiving the primary information which may result in gaps in compliance with some of these policies and procedures (e.g. compulsory completion of stay safe training for all staff, fraud and corruption prevention awareness).</p>   |
|             | <p><b>Agreed Action 1:</b></p> <p>The Country Office agreed to:</p> <ol style="list-style-type: none"> <li>a) Develop a risk management process, in coordination with the Africa Regional Office, to ensure that risks are adequately identified, assessed and mitigated through a documented action plan.</li> <li>b) Establish an effective process to ensure that relevant global policies and procedures are timely communicated to staff, and subsequently implemented.</li> </ol> <p><b>Manager responsible for the action:</b> Head of Country Office, in coordination with the Regional Director</p> <p><b>Due Date:</b> December 2016</p> <p><b>Priority Rating:</b> High</p>  |

|   |   |
|---|---|
| <b>A2</b>   | <b>ORGANISATION, COORDINATION AND COMMUNICATION</b> |
| <b>A2.1 Organisation</b>  |   |
| <p>Surge capacity from finance (e.g. the Finance and Administration Delegate and later, the Regional Finance Analyst) have been assuming Acting Head of Country Office (HoCo) responsibilities since the position of HoCo became vacant.</p> <p>The current Acting HoCo attends various meetings with other stakeholders, however her role does not involve managerial decision making. In discussion with Partners, the lack of a longer term IFRC manager in-country is negatively impacting the IFRC role of coordination among Movement Partners. Moreover, it could also lead to missed funding opportunities with potential donors.</p> |   |
| <p><b>Agreed Action 2:</b></p> <p>The Country Office agreed to:</p> <p>Finalise the recruitment of the Head of Country Office. Further, key functions with regard to Movement Coordination and donor relations are clarified and communicated with stakeholders to ensure clarity with regard to roles and responsibilities.</p> <p><b>Manager responsible for the action:</b> Director of Africa Region</p> <p><b>Due Date:</b> August 2016</p> <p><b>Priority Rating:</b> High</p>  |   |
| <b>A2.2 Coordination and communication</b>  |   |
| <p><u>National Society capacity development</u></p> <p>The Country Operational Plan for 2016 has identified the host partner's capacity development needs. In previous years, IFRC delegates were recruited to work with the host partner on these areas. However, progress from these initiatives are not adequately handed over, and not strategically discussed with Partners to enable continuity and a coordinated approach to capacity development. Currently, there is no IFRC designated capacity development staff in-country, which may limit the achievement of objectives in the Operational Plan.</p>                            |   |
| <p><b>Agreed Action 3:</b></p> <p>The Country Office agreed to:</p> <ol style="list-style-type: none"> <li>a) Establish a forum with the host national society to review capacity development progress, and to develop action plans to support long term capacity development plans.</li> <li>b) Include in program meeting agendas with PNS, discussions on coordination of program activities in supporting the host national society.</li> </ol> <p><b>Manager responsible for the action:</b> Head of Country Office</p> <p><b>Due Date:</b> December 2016</p> <p><b>Priority Rating:</b> Medium</p>                                      |   |

|   |   |
|---|---|
| <b>A3</b>   | <b>LEGAL AND SUPPLEMENTARY SERVICES</b> |
| <p><b>A3.1 Contract management</b></p> <p><u>Contract approvals and contract database</u></p> <p>The Country Office is not using the e-contracts system to initiate, review and approve contracts. A manual process is used but compensating controls and due diligence in this process were not fully enforced. The following were noted:</p> <ul style="list-style-type: none"> <li>• The contracts approval sign-off sheet was not used to document that due process had been undertaken. As a result, there were examples of non-standard contracts used.</li> <li>• There were examples of contracts signed which were not in accordance with the contract approval matrix.</li> <li>• Contracts are kept centrally by the administration function. However, a contract database is not maintained to keep track of all current agreements and their status.</li> </ul> <p><u>Rental agreement</u></p> <p>The IFRC and Partners are renting office space with the host National Society (HNS). However, the IFRC rental agreement with the HNS has expired. The auditor was informed that the HNS is in the process of finalising the current rental rate. The IFRC and Partners have ceased paying rent for several months, pending finalisation of the agreed rate and contract. Moreover, the unpaid rent was not reflected in the IFRC financial accounts.</p> <p><u>Project agreements</u></p> <p>Standard project agreements with the HNS have not been signed, which results in a lack of clarity regarding the agreed activities and operational budget. During the audit, the Country Office had started discussions of establishing project agreement(s) with a revised plan and budget.</p> |   |
| <p><b>Agreed Action 4:</b></p> <p>The Country Office agreed to:</p> <ol style="list-style-type: none"> <li>a) Upload contracts into the e-contracts database, and ensure that future agreements/contracts are signed in accordance with the contracts approval matrix using the e-contracts system. Staff involved in the contract management process shall also complete e-contracts training.</li> <li>b) Establish a rental contract with the HNS. Further, unpaid rent is booked into the financial system to ensure future operational costs are being accounted for.</li> <li>c) Establish project agreements with standard terms, and annexes with the Host National Society.</li> </ol> <p><b>Manager responsible for the action:</b> Head of Country Office</p> <p><b>Due Date:</b> December 2016</p> <p><b>Priority Rating:</b> High</p>  |   |
| <p><b>A3.2 Supplementary services</b></p> <p><u>Integration Agreements</u></p> <p>The audit reviewed the legal management processes. Several performance improvement observations were made which are reported separately to management.</p> <p><u>Shared Office and Service Costs (SOSC)</u></p> <p>The IFRC Country Office is providing administration, logistics, and finance services to the Partner National Society (PNS). In principle, these services to other parties should be accounted for in the calculation of the budget, and allocation of SOSC. However, the costs for these services are not recovered from the PNS, further increasing IFRC liabilities in absorbing the costs. As at April 2016, the SOSC year to date balances in April 2016 recorded negative balances, and SOSC actual costs exceeded annual budgets.</p>  |   |

**Agreed Action 5:**

The Country Office agreed to:

- c) Review the SOSC budget and cost allocation rates, and final SOSC rates are disseminated to PNS who receives services from the IFRC.

The agreed action points 5 a) and 5 b) were reported separately to management.

**Manager responsible for the action:** Head of Country Office

**Due Date:** October 2016

**Priority Rating:** High

## SECTION B – PROGRAMME AND PARTNERSHIP MANAGEMENT

|             |  |
|-------------|--|
| <b>B1</b>   | <b>PROGRAMMING, PLANNING, MONITORING, EVALUATION AND REPORTING</b>   |
| <b>B1.1</b> | <p><b>Project management</b></p> <p><u>Appeal Management and reporting</u></p> <p>A disaster relief emergency fund (DREF) for the South Sudan Complex Emergency was first launched in January 2014, and revised to an Emergency Appeal in March 2014. The appeal of ~CHF6.7 million ended on 31 January 2015, however the final report of the appeal has not been finalised and published. The report due date was rescheduled four times i.e. November 2015, January 2016, March 2016 and April 2016. A delay in working advance reporting was mentioned as the reason however, an action plan to resolve the issue was not documented.</p>   |
| <b>B1.2</b> | <p><b>Planning, monitoring, evaluation and reporting (PMER)</b></p> <p><u>Project planning, monitoring and reporting</u></p> <p>Project managers are responsible for overall planning, monitoring, and oversight of their respective project activities. Activities are then reported on a regular basis through monthly updates. It was noted the budget holder authority and project manager for all country programs is centralized with the Head of Country Office (HoCo), meaning he is required to authorise all expenditure and reporting related to the projects.</p> <p>At the time of audit, the former HoCo was still the assigned budget holder and program manager. There was no evidence of a delegation of authority to ensure clarity on the project management role when the HoCo left. Moreover, the coordination project (as at April 2016) was in a deficit of CHF73,992, with project expenditure exceeding the approved budget limit.</p> <p><u>Evaluation</u></p> <p>The South Sudan Complex Emergency final evaluation status is reported as ongoing in the APPLE system. However, the Development Operational Report prepared by the Country Office in February 2016, reported that the final evaluation for the emergency operations had started in June 2015, pending a Regional management response. The inconsistencies in tracking the evaluation's status and its completion, limits documented learnings, transparency and accountability.</p> |
|             | <p><b>Agreed Action 6:</b></p> <p>The Country Office agreed to:</p> <ol style="list-style-type: none"> <li>a) Develop action plans with set timeframes to ensure that reports are timely followed up and reported for finalisation. Immediate action plans should be in place particularly to reports that have been long overdue.</li> <li>b) Establish an escalation mechanism to timely inform the Senior Management Team in-country, as well as in the Regional Office, for further action on reports that have been overdue.</li> <li>c) Develop a system to proactively monitor project management practices that includes revising project documents such as appeals, budgets and PEARs on a timely basis, and improving the capacity of project managers through trainings.</li> <li>d) Establish a robust system to ensure all reporting and evaluation statuses are timely and accurately recorded into APPLE. This includes developing a system to monitor the implementation of agreed recommendations from evaluations.</li> </ol> <p><b>Manager responsible for the action:</b> Head of Country Office</p> <p><b>Due Date:</b> October 2016</p> <p><b>Priority Rating:</b> High</p>  |

|   |  |
|---|--|
| <b>B2</b>   | <b>RESOURCE DEVELOPMENT AND PARTNERSHIP MANAGEMENT</b> |
| <b>B2.1 Resource development</b>  |  |
| <u>Roles and Responsibilities</u>   |  |
| <p>The Country Office operational funding plan for 2016, prepared by the former HoCO is estimated at CHF1.5 million. However, the roles and responsibilities for resource mobilisation in-country were not assigned following the departure of the HoCO in April 2016.</p> <p>The funding as at April 2016 included several soft pledges and its follow up status was not updated. The Country Office operating costs are supported through the remaining limited funding available in the active projects. For instance, the costs including salaries for the logistics team are charged to the coordination project, which are already running at a deficit of CHF73,992 (as of April 2016). There is not yet an integrated funding plan (between Africa Region and the Country Office) for structured fundraising to ensure adequate resources to implement the Office's activities.</p> |  |
| <b>Agreed action 7:</b>   |  |
| <p>The Country Office agreed to:</p> <p>Coordinate resource development plans with the Africa Regional Office to identify funding opportunities. The funding plans once established, shall be reviewed on a periodical basis, supported with action plans for prospective fundraising opportunities, and shall be updated to reflect the current funding situation.</p> <p><b>Manager responsible for the action:</b> Head of Country Office</p> <p><b>Due Date:</b> October 2016</p> <p><b>Priority Rating:</b> High</p>   |  |
| <b>B2.2 Pledge management</b>   |  |
| <u>Pledge management collection</u>   |  |
| <p>A review of the APPLE system noted an outstanding pledge overdue for payment, since September 2014 amounting to CHF178K. There is no documented evidence of a systematic follow up to collect payments of this outstanding pledge.</p>   |  |
| <b>Agreed action 8:</b>   |  |
| <p>The Country Office agreed to:</p> <p>Establish a formal process (including escalation) to follow up on overdue pledge payment, including ownership, accountability and documenting actions to resolve such delays.</p> <p><b>Manager responsible for the action:</b> Head of Country Office</p> <p><b>Due Date:</b> October 2016</p> <p><b>Priority Rating:</b> Medium</p>   |  |

|   |   |
|---|---|
| <b>B3</b>   | <b>LOGISTICS, PROCUREMENT AND FLEET</b> |
| <b>B3.1 Logistics and warehouse management</b>  |   |
| <p>The Country Office received vehicles from the IFRC Global Fleet Base which included spare parts in the packing list. However, these spare parts were not accounted in the stock management system (Logic). There was no evidence on file to indicate that stock cards are being used to record the availability and movement of stock. Further, the list of items for the PNS vehicles were neither reconciled with the PNS, nor verified.</p>   |   |
| <p><b>Agreed Action 9:</b><br/>The Country Office agreed to:</p> <ul style="list-style-type: none"> <li>a) Improve the safekeeping of IFRC assets, with appropriate stock monitoring and control processes established.</li> <li>b) Review the stock records to ensure that stock are all accounted for, and action is taken to avoid unused stock and assess if stock replenishment is necessary.</li> </ul> <p><b>Manager responsible for the action:</b> Senior Logistics Officer</p> <p><b>Due Date:</b> October 2016</p> <p><b>Priority Rating:</b> Medium</p>   |   |
| <b>B3.2 Procurement</b>   |   |
| <p>A review of the controls related to procurement performed by the Country Office, noted the following:</p> <p><u>Procurement key performance indicators (KPI)</u></p> <p>A spreadsheet tracking system to enable efficiency analysis is not maintained in order to monitor the key dates of the procurement processes (e.g. date of Logistics Requisition (LR) preparation and processing, issuance of Request for Quotation (RFQ), receipt of Goods Received Note (GRN)). The lack of monitoring could impact efficiency if delays are not identified, tracked and remediated.</p> <p><u>Request for quotation (RFQs)</u></p> <p>RFQ correspondence to the selected suppliers' business email and addresses are not on file, as evidence that their business has been requested to submit quotations. In the absence of a documented RFQ process, the auditor was not able to assess if due process had been followed.</p> <p><u>Purchase Orders (POs)</u></p> <p>POs are issued for procurement over CHF1K as per the IFRC procurement manual. However, the standard IFRC general terms and conditions which are an essential part of every contract, are not used to formalise key contractual conditions with suppliers.</p> <p><u>Suppliers management</u></p> <p>The procurement function does not maintain a supplier database that records the supplier's details such as their business address, contact person, contact number etc. Furthermore, supplier registration forms are not used to pre-qualify suppliers to provide goods and services.</p> |   |
| <p><b>Agreed action 10:</b><br/>The Country Office agreed to:</p> <ul style="list-style-type: none"> <li>a) Ensure each procurement file has a file number with proper indexing. A review checklist for each file is established to ensure completeness.</li> <li>b) Establish a database to monitor key performance indicators (KPIs) reflecting the lead time in processing</li> </ul>  |   |

requisitions, receiving quotes, and purchase orders issuance.

- c) Record all correspondence including the Request for Quotations (RFQ) for each requisition on file. The dates when a RFQ was issued should be documented and reviewed with established KPIs to assess performance.
- d) Include the standard IFRC general terms and conditions in all purchase orders.
- e) Develop a consolidated supplier database which is retained centrally by the procurement function. The information provided by suppliers is reviewed on a sample basis to ensure its accuracy.

**Manager responsible for the action:** Senior Logistics Officer

**Due Date:** December 2016

**Priority Rating:** Medium

### **B3.3 Vehicle management (including fuel and maintenance)**

#### Needs assessment

The Country Office has three vehicles that were used since the Emergency Operation in 2011. The emergency operation has ended and the number of programme staff has significantly reduced. The vehicles are now mainly used for resident to office transport for delegates and visitors, airport transfers and other official trips. There have been discussions to dispose of the vehicles, but an action plan has yet to be implemented.

#### Vehicle inspection

Poor road conditions are common in-country, increasing the general wear and tear of the vehicle. A vehicle inspection noted that the condition of the vehicles is not up to the expected standards for safety and security.

#### Vehicle Request

A vehicle request process has not been established by the Country Office. The lack of process could lead to inefficient use of resources, duplication of tasks and vehicles being used for unauthorised purposes.

#### Fuel stock and reconciliation

The Logistics unit purchases fuel and maintains a spreadsheet to monitor fuel usage. This spreadsheet is verified by the Finance function at the time of refuelling. A review of the fuel management process noted the following:

- There is no documented evidence that fuel reconciliations are being performed on physical fuel stock on a regular basis.
- Goods Receive Notes (GRNs) are issued at each fuel purchase. However, there are no bin cards to record the quantity of fuel balances, before and after refuelling.
- The reconciliation of fuel between individual vehicle log books, fuel records and Fleetwave data entry is not systematically performed, increasing the risk that fuel values entered into FleetWave are inaccurate.
- Refuelling are in quantities lower than the full capacity. This results in fuel consumption and comparison records not being accurate.

#### Refuelling process

All three of the IFRC logistics staff, including the staff responsible for updating FleetWave and the fuel spreadsheet, refuel the vehicles. This results in a lack of segregation of duties between refuelling and recording of fuel. The audit also noted the lack of documented verification between the requestor and the supplier in relation to information such as quantity of fuel and the vehicle number.

#### Disposal

A review of the vehicle disposal process in August 2015 noted that amounts received from bids were not timely posted into CODA. The amount was only posted in CODA and cash deposited in the following month. Further, a

copy of the cash receipt when the cashier received the cash was not on file.

Vehicle maintenance contract

A vehicle maintenance contract with a local service provider was signed in 2014. This was recently extended for a new term until 2017. A review of a sample of transactions noted the following:

- The maintenance works were not detailed in terms of the spare parts being changed. Furthermore, the spare parts were not firstly checked if these were available in the IFRC storage prior to being purchased.
- Maintenance and repair works are not being updated in the FleetWave system.
- The labour price per hour for services were not further scrutinized to assess reasonableness. There was an example of a work order with no detailed description and an amount which was later found to be a misprint by the supplier. This discrepancy was not clarified with the service provider before payment.
- There was no evidence that final invoices are being cross checked with the price list, and agreed work order, to ensure details are correct before submitting for payment approval.

**Agreed action 11:**

The Country Office agreed to:

- a) Perform an assessment regarding the number of vehicles required by the Country Office, and any excess vehicle is transferred/disposed appropriately.
- b) Perform checks (by the drivers) of the condition of the vehicle and its equipment using the vehicle inspection report. In addition, the Logistics Officer should randomly perform vehicle inspections.
- c) Establish a process to ensure vehicles are supported by timely requests, to enable proper planning of trips and duty drivers.
- d) Use the standard IFRC stock management process to record fuel stock movement. This includes the use of the bin card system and proper reconciliation. A weekly physical stocktake of fuel is reconciled with the fuel records and any significant discrepancies are immediately investigated.
- e) Document the fuel management process, from start to end, with defined roles and responsibilities for each step of the process and ensuring appropriate segregation of duties between the staff reconciling fuel amounts, entering data in FleetWave and reviewing the accuracy of FleetWave data report.
- f) Reconcile cash receipts and bid forms to ensure that amount received are correct. All cash received are immediately recorded in the financial accounts.
- g) Review the agreement with the vehicle maintenance service provider on a timely basis. Maintenance performance indicators, price lists, labour costs with the service provider are mentioned in the contracts, for transparency and quality control of services.
- h) Perform due diligence checks on price quotations from the supplier against the price lists agreed in contracts. Discrepancies in price should be investigated and documented.

**Manager responsible for the action:** Senior Logistic Officer

**Due Date:** December 2016

**Priority Rating:** High

|  |                 |
|--|-----------------|
| <b>B4</b>  | <b>SECURITY</b> |
| <p><b>B4.1 Security framework</b></p> <p><u>Security Regulations</u></p> <p>The Country Security Regulations were recently updated in January 2016. The regulations are applicable to all staff, volunteers, visitors, consultants of the IFRC and any personnel operating under the IFRC security umbrella. All the Partner National Societies (PNS) have not signed any integration agreement with the IFRC, and are currently under the security umbrella of the ICRC.</p> <p>The Acting HoCo is responsible for security in-country for the IFRC staff. Daily security updates are sent via email from a local security forum, led by the ICRC, to its forum members. However, it was unclear on who are enlisted in this group email, and the protocols in sharing information from these security updates. There is a lack of clarity regarding the applicability of the IFRC Security Regulations, and coordination between the IFRC and the ICRC.</p> <p><u>Security Training</u></p> <p>Before Federation delegates (and national staff) assume their duties in field missions they are supposed to complete the e-learning security training module "<i>stay safe personal security</i>". However, according to the e-learning platform data, only one staff (who has ended her mission) has completed the course. The remaining staff have registered but have not completed this course.</p> |                 |
| <p><b>Agreed action 12:</b></p> <p>The Country Office agreed to:</p> <ol style="list-style-type: none"><li>a) Perform a documented risk analysis to assess the security and capacity of the IFRC Country Office to provide security services. This includes coordination with ICRC to clarify roles and responsibilities. The outcome from the analysis is disseminated to all parties under the local security framework.</li><li>b) Ensure all staff complete mandatory security courses. The Regional Security Advisor, in coordination with the Regional Human Resources manager, shall monitor compliance with the "<i>stay safe e-learning course</i>" completion on a regular basis.</li></ol> <p><b>Manager responsible for the action:</b> Head of Country Office</p> <p><b>Due Date:</b> September 2016</p> <p><b>Priority Rating:</b> Medium</p>  |                 |

## SECTION C – OPERATIONS SUPPORT

|  |                |
|--|----------------|
| <b>C1</b>  | <b>FINANCE</b> |
| <b>C1.1 Financial management and oversight</b>   |                |
| <u>Segregation of duties</u>   |                |
| <p>The Country Office has one finance staff and this has implications on segregation of duties. A review of the staff role matrix indicated several key processes in banking, journal entries, cash management and payroll, are being handled by one staff, increasing the risks of errors or misappropriation.</p>  |                |
| <u>Unusual journal entries</u>   |                |
| <p>Unusual journal entries are transactions where, even if the transaction value may not be high, the risk associated with the transaction is significant. Cancelling journal entries or deleting entries from the in-tray are examples of unusual entries. A review of samples from 2015, noted a significant number of CJL (cancellation journal entries) and ANY (miscellaneous journal entries) that were deleted from the in-tray before being posted to the general ledger. In one of the samples tested, there was cancellation of a cash journal entry posted in CODA by a staff (November 2015) who himself was the cash recipient. There was no evidence that such postings were reviewed by an independent party.</p>   |                |
| <u>Financial accounts – balance sheet</u>  |                |
| <p>The Country Office is responsible for the financial management and oversight of transactions occurring in-country. The month-end balance sheet showed few outstanding issues as at April 2016 however, the following were noted:</p>  |                |
| <ul style="list-style-type: none"> <li>• A working advance for a non-integrated PNS with an outstanding balance of CHF13,302, has been dormant for more than 6 months.</li> <li>• Negative outstanding balances in national staff working advances, that were not resolved.</li> <li>• A payroll reconciliation is not performed with CODA balances. This resulted in outstanding balances in income tax payable which are not cleared at month-end, and provisions for termination benefit dormant for more than 3 months with a negative outstanding balance of CHF7K.</li> <li>• Additional financial controls have yet to be implemented such as the use of suppliers` accounts and the SPI CODA document to keep track of any outstanding invoices.</li> </ul>  |                |
| <b>Agreed action 13:</b>   |                |
| The Country Office agreed to:  |                |
| <ol style="list-style-type: none"> <li>a) Review the processes to ensure adequate segregation of duties between the oversight function and the financial recording function. Due to the limited number of staff at the Cluster Office, segregation of duties will include the regional analyst in the verification procedures.</li> <li>b) Develop risk mitigating measures which includes further technical oversight and support from the Africa Regional Office finance function.</li> <li>c) Review unusual entries, including deleted and cancelled journal transactions in CODA, which are authorized by an independent person, or by a Finance staff who does not initiate the transaction.</li> <li>d) Use the CODA month-end financial checklists to document financial checks and outstanding issues. Outstanding/carry forward issues which are not resolved are escalated to ensure these issues are timely addressed.</li> <li>e) Implement financial controls such as the use of suppliers` accounts, and the use of the SPI CODA document.</li> </ol> |                |
| <b>Manager responsible for the action:</b> Finance Officer   |                |
| <b>Due Date:</b> September 2016  |                |
| <b>Priority Rating:</b> High   |                |

## C1.2 Partner working advances

A review of working advances to National Societies noted the following:

### Working advance monitoring and oversight

- Working advance reports are not supported by project agreements and agreed budgets to verify that expenditure is allowable.
- The working advance journal reports submitted by the HNS are not verified by the IFRC budget holder to ensure that expenditure and supporting documentation is in accordance within the project budget and agreement. Furthermore, the former Head of Country Office is still assigned as budget holder for projects.
- There is a lack of documented evidence of IFRC finance validation on working advance journals to indicate the checks performed before accounts posting. These risks are heightened when the budget holder and finance did not check at two levels: (i) working advance request; and (ii) month end reconciliation.

### Working advance reporting

- Long delays by the Partner in working advance reporting, resulting to significant amounts of working advances reported as unspent. This impacted the timely preparation of pledge based financial reports, which had to be requested for extensions from the donor.
- An outstanding working advance balance of CHF17K for the South Sudan Complex Emergency Appeal, despite the operations ending in July 2015.

### Currency devaluation

- Working advance expenditure is reported in South Sudanese Pounds (SSP). In May 2015, the National Society issued a memo to the IFRC for their staff salary support to be paid in SSP at a fixed rate of SSP3.2 = USD1.00, due to the impending depreciation of the SSP against the USD. However, there is no documentation that this decision received an official approval.
- In 2016, the value of SSP continued to devalue at a rate of SSP30 = USD1.00. The devaluation caused an immediate price escalation of goods and services and consequently resulted in foreign exchange and operational risks (less quantities of items bought with available funding).

### **Agreed action 14:**

The Country Office agreed to:

- a) Establish standard project agreements for each project implemented with the Partner.
- b) Verify (by the IFRC budget holder) the Partner working advance report and its supporting documentation, and sign the working advance journal that it is in accordance with the agreed plan of action and budget.
- c) Document delegation of authority on budget holder for projects, prior to staff leaving.
- d) Validate (by IFRC Finance) the transactions before posting the journals into the accounting system.
- e) Develop an action plan to follow-up outstanding working advance reporting.
- f) Monitor and mitigate foreign exchange risks. This shall include regular consultation with the Finance and Legal affairs (for issues involving local laws) teams in Geneva.
- g) Ensure transfers to Partners are made in hard currency such as USD to minimise the impact of foreign exchange fluctuation risks. At the same time, a documented risk management process is in place to monitor the financial implication risks on existing and future programmes with the Partner.

**Manager responsible for the action:** Finance Officer

**Due Date:** September 2016

**Priority Rating:** High

### C1.3 Bank account management

#### Bank accounts signatories

The Country Office's two bank accounts (CHF and SSP) are operating on dual signatories. However, at the time of the audit, the signatories (Head of Country Office, and Finance/Administration Delegate) had ended their mission but had not yet been removed from the bank signatories list.

#### Bank reconciliation

Monthly bank reconciliations are performed and in the sample tested, these were performed accurately. However, it was noted that internet printouts of the bank statement were being used as supporting documentation rather than original bank statements. Further, there is one long outstanding cheque of USD3,300 since December 2015 which has not yet been cleared.

#### **Agreed action 15:**

The Country Office agreed to:

- a) Update the banking signatories list through the relevant approval process.
- b) Request original bank statements from the bank and attach these to the bank reconciliation.
- c) Follow-up on outstanding cheques, and the reasons for the unrepresented cheques are documented.

**Manager responsible for the action:** Finance Officer

**Due Date:** September 2016

**Priority Rating:** Medium

### C1.4 Cash management

#### Treasury management

The review of the cash forecasting process noted that these are not effectively performed:

- The Country Office did not make the April/May 2015 cash forecast that led to insufficient cash for their operations in the following months. Instead of escalating the matter to the Africa Region, the Country Office borrowed USD10,000 from a Partner National Society (PNS).
- There is no evidence that the IFRC budget holder in the Country Office had prepared and signed the cash forecast form, to ensure cash forecast meets the expected cash needs. There have been situations of Partner working advances requests, which were not included in monthly cash forecasts.
- A delegate of a PNS is receiving working advances from the Country Office. However, the cash needs of the PNS delegate are not documented in a formal cash forecast.

#### Petty cash management

The Administration unit receives a working advance of SSP1500 which is used as petty cash. The process of cash payments through working advances is included in the Country Office's petty cash policy developed in August 2015. The audit reviewed the petty cash management and noted that cash handovers are not recorded in the cash electronic ledger, to record cash movement and current cash balances. A surprise cash count during the audit noted an amount of SSP195 to the driver, and SSP75 to the cashier were not supported by any cash movement document.

#### Security of cash control and management oversight

The petty cash for Administration is kept in a locked cabinet however, it is not kept in a locked cash box. In July 2015, there had been a burglary at the Country Office and cash from the Administration unit was among the stolen assets. The Country Office's petty cash policy stated that cash should be stored under lock and key in the cash box and stored in the safe. However, such procedures were not complied with. In addition, surprise cash counts by the Country Office management were never performed and documented, despite this process being included in the petty cash policy.

**Agreed action 16:**

The Country Office agreed to:

- a) Timely process the cash forecasts for the period covering the current month and the following month.
- b) Prepare (by the IFRC budget holder or someone with delegated authority) the cash forecast based on expected cash flows for agreed plans. The signed forecast is attached to the CODA FCAST document as supporting document.
- c) Submit a documented cash forecast for all cash needs (including bilateral PNS who receives working advance).
- d) Reference all cash movements recorded in the cash electronic ledger to facilitate a reconciliation with the supporting documents to ensure its completeness and accuracy.
- e) Ensure the petty cash box is kept locked at all times. The locked petty cash box should be stored in the Office safe at the end of each day.
- f) Perform spot checks on cash with the results documented.

**Manager responsible for the action:** Finance Officer

**Due Date:** September 2016

**Priority Rating:** High

**C1.5 Finance supporting documentation**

A review of 50 sample transactions noted:

- some incomplete supporting documentation on file (e.g. invoices, receipts, correspondence). The auditor was informed that missing pages could have occurred during photocopying of documents by the outsourced company. However, there was no evidence that the IFRC checked (on a sample basis) to ensure that the photocopies were complete.
- insufficient checks on supporting documentation, and note to files not prepared to provide further explanation for the transactions (see also C1.2 working advances, and B3.3 vehicles), journal entries (such as ANY, RBN) without sufficient supporting documentation attached, and lack of due diligence on procurement.

**Agreed action 17:**

The Country Office agree to:

- a) Establish an archiving and filing process for both hard and soft copy files to ensure files are reviewed and complete. This includes checks on a sample basis on photocopied documents to ensure its completion.
- b) Ensure there is sufficient documentation or explanations on the reasoning behind the transaction, including notes to the file for transactions which require further elaboration.

**Manager responsible for the action:** Finance Officer

**Due Date:** September 2016

**Priority Rating:** Medium

|   |                        |
|---|------------------------|
| <b>C2</b>   | <b>HUMAN RESOURCES</b> |
| <b>C2.1 Recruitment, job specifications and classifications</b>   |                        |
| <p><u>Recruitment</u></p> <p>The recruitment of a replacement Head of Country Office has been reopened several times. Sustainable funding for this position was noted as one of the main challenges. As a short-term measure, a Regional Finance staff was deployed as the Acting Head of Country Office, who also provided technical finance oversight. Several other positions such as Reporting Delegate, and Finance/Administration Delegate have ended during the audit, and there is no plan to re-open these positions. A documented action plan to cover the capacity gap in reporting, and programme management has not been established.</p> <p><u>National staff job descriptions</u></p> <p>Some National Staff job descriptions have not been updated and do not accurately reflect their current roles and responsibilities. The audit noted that the Finance Officer and the Administration Officer are expected to take some of the responsibilities of the former Finance and Administration Delegate however, these new responsibilities are not updated in their job descriptions.</p> |                        |
| <p><b>Agreed action 18:</b></p> <p>The Country Office agreed to:</p> <ol style="list-style-type: none"> <li>a) Finalise the recruitment of the Head of Country Office and develop a documented action plan to ensure the capacity gap in other areas are being filled.</li> <li>b) Review job descriptions to ensure these are updated according to current roles and responsibilities.</li> </ol> <p><b>Manager responsible for the action:</b> Head of Country Office</p> <p><b>Due Date:</b> September 2016</p> <p><b>Priority Rating:</b> Medium</p>  |                        |
| <b>C2.2 Starters, leavers and performance management</b>  |                        |
| <p><u>Staffing - leavers</u></p> <p>When staff leave, an asset clearance form is used however, debriefings and handovers are not systematically performed to ensure that institutional memory is retained. Only one end of mission report of a leaver was made available to the auditor during this audit. A process to track that all debriefings have been conducted, the end of mission report has been concluded and all handover procedures have been followed, has not yet been established.</p> <p><u>Staff development</u></p> <p>Capacity development for individual staff are not formally established and incorporated in objective setting. One of the main challenges to improve capacity, is the limited opportunity to enrol in training or engage in other development activities. Therefore, there are reduced opportunities for staff to improve within the organisation.</p>   |                        |
| <p><b>Agreed action 19:</b></p> <p>The Country Office agreed to:</p> <ol style="list-style-type: none"> <li>a) Develop a leavers checklist to ensure that all administrative arrangements are performed, handovers of documents, and end of mission report completed when staff end their contract/mission.</li> <li>b) Formally establish staff development plans as part of the annual objective setting for all staff.</li> </ol> <p><b>Manager responsible for the action:</b> Head of Country Office</p> <p><b>Due Date:</b> September 2016</p> <p><b>Priority Rating:</b> Medium</p>  |                        |

### C2.3 Payroll and remuneration

#### Remuneration

Salaries for national staff are stated in local currency (SSP) in their contract. Since June 2015, salary payments are paid in SSP, fixed at an exchange rate of SSP3.16 per USD1. However, since April 2016, payments of salary are in USD. The decision was made collectively between the Partner National Societies operating locally, as a temporary measure to mitigate the foreign exchange losses due to the devaluation of the local currency. The audit noted:

- The Country Office consultations with Africa Regional Office and IFRC technical units in Geneva for decision making was not formally documented. It is acknowledged that payments of local staff salaries in USD was approved by the Director Africa Region in January 2016.
- There are no supporting documents to indicate that IFRC Legal Affairs (Geneva), nor a local legal counsel being consulted in this process.
- A lack of documented monthly risk analysis to monitor the budgetary and operational impact of the decision to make payments in USD.

#### Salary scale and overtime

A local salary scale (approved by the Africa Regional Human Resources function) has not been established. In 2015, there was a joint proposal from the local staff to the former management, for a local salary review. However, there is no documented evidence that a formal review process had taken place.

#### Payroll

There is a lack of segregation of duties in payroll processing. The Country Office does not have a designated Human Resources Officer and therefore, the Finance Officer was assigned with the responsibility of preparing, recording in CODA and processing payroll payments. Previously, the Finance and Administration Delegate (FAD) performed the role as reviewer and authoriser of payroll. However, since the end of mission of the FAD, there is a lack of clarity regarding the authoriser and reviewer of payroll.

#### **Agreed action 20:**

The Country Office agreed to:

- a) Perform (using a consultative process) and document the key risks related to payroll/remuneration to ensure that risks are adequately identified, assessed and mitigated.
- b) Perform a documented analysis of foreign exchange risks and its impact to operational budgets. This analysis is reported to the senior management team in-country (and/or Region for further escalation as required).
- c) Perform and document a review of the salary scale (including of overtime), with technical support and approval from the Human Resources function in the Africa Regional Office.
- d) Review the payroll process to ensure adequate segregation of duties. Where adequate segregation is not possible, implement compensating controls such as regular monitoring from the Regional Office.

**Manager responsible for the action:** Head of Country Office

**Due Date:** December 2016

**Priority Rating:** Medium

### C2.4 Personnel files

The review of six national staff files (including one former staff) noted that contents for each personnel files are not well organised. The documents are not filed for easy identification by subject, and a checklist is not used to ensure its completion. Confidential information was found in the personnel files reviewed (e.g. grievance notes), and leave request forms (national staff) are not properly filed. Leave balances are not properly tracked to ensure its accuracy.

**Agreed action 21:**

The Country Office agreed to

- a) Establish and retain a file checklist on individual personnel files, and the checklist and file content is reviewed to ensure its completeness. Sensitive information, such as interview notes and grievance notes are filed separately according to IFRC standard filing procedures.
- b) Establish a robust process to ensure that national staff leave request forms are properly filled and reconciled on a regular basis (e.g. every quarter) to ensure data accuracy.

**Manager responsible for the action:** Head of Country Office

**Due Date:** September 2016

**Priority Rating:** Low

**C2.5 Labour Law, staff regulations and contracting**

National staff regulations

The national staff regulations for the Country Office were approved by the former Head of Country Office. However, this has yet to be established using the standard IFRC template and approved by IFRC Legal Affairs and Human Resources (Geneva). Moreover, there is no evidence that a local legal counsel was consulted in drafting the national staff regulations.

Severance pay

The term severance pay usually refers to amounts paid at the end of contract due to the discontinuation of a contract, or retirement. A review of the staff regulations (para 5.2) states that *“Staff are entitled to severance allowance after completion of three years` employment. This is paid by the Federation annually at the end of the year as a 13th month payment.”* However, there is a lack of clarity regarding the basis for severance to be paid out as a 13<sup>th</sup> month salary when the contract is still active, and whether contracts with less than three years would be entitled to an accumulated payment after the completion of the three years` term.

Severance payments are being accounted for in A/C 2522 *“National Insurances”*, and payment is made directly from this account when a staff`s contract ends. It was noted that provisions for termination benefits have not been booked on a regular basis and the provision for employee termination benefits (A/C 2143) for the month of April 2016 had an outstanding negative balance of CHF7,779.

**Agreed action 22:**

The Country Office agreed to:

- a) Finalise the national staff regulations and share with the IFRC Legal Affairs and Human Resources (Geneva) for review and final validation.
- b) Provide clarity in terms of the treatment of severance payments, including the terminology used in the national staff regulations.

**Manager responsible for the action:** Head of Country Office

**Due Date:** September 2016

**Priority Rating:** Medium

|   |                       |
|---|-----------------------|
| <b>C3</b>   | <b>ADMINISTRATION</b> |
| <b>C3.1 Administrative policies and procedures</b>  |                       |
| <p><u>Housing guidelines</u></p> <p>The IFRC provides accommodation in rented premises for delegates in-country. However, a documented analysis of rentals for Juba has not been performed, and delegate housing guidelines for the Country Office have not been established.</p> <p><u>Standardised filing</u></p> <p>A system for filing and archiving in accordance with IFRC procedures (<i>Procedure #30 - Standardised filing system for offices in the field</i>) has not been established. During sample testing of files, the auditor noted that files for Administration, Logistics, Procurement and Human Resources were not properly indexed and filed in accordance with these procedures.</p>   |                       |
| <p><b>Agreed action 23:</b></p> <p>The Country Office agreed to:</p> <ol style="list-style-type: none"> <li>a) Establish delegate housing guidelines with technical support from the Administration department in the Africa Regional Office, and approval by the Director of the Africa Regional Office.</li> <li>b) Establish a filing system which categorises records by functions, processes and activities. The Secretariat "<i>Standardised filing system for offices in the field - Policies and procedures filing system. Document No.30</i>" should be used as guidance.</li> <li>c) Establish an archiving and filing process to be used by all departments. The system should enable file retrieval, and facilitate a smooth handover.</li> </ol> <p><b>Manager responsible for the action:</b> Administration Officer</p> <p><b>Due Date:</b> December 2016</p> <p><b>Priority Rating:</b> Low</p> |                       |
| <b>C3.2 Other administrative matters</b>  |                       |
| <p>The Country Office records deposits for rentals, services and other contracts in A/C 14910 in the Balance Sheet. The use of this chart of account was approved by IFRC Finance (Geneva). However, the Administration and Finance units in the field have yet to commence the reconciliation process to ensure hard copies of records (e.g. contracts, deposits), matches the details recorded in the accounts receivable.</p> <p>Further, the Administration function have yet to finalise the contracts database and the deposits for each of the contracts.</p>  |                       |
| <p><b>Agreed action 24:</b></p> <p>The Country Office agreed that:</p> <p>The Administration and Finance Units in the Country Office reconcile the deposit amounts recorded in the contracts with the amounts recorded in the A/C 14910 monthly.</p> <p><b>Manager responsible for the action:</b> Administration Officer</p> <p><b>Due Date:</b> December 2016</p> <p><b>Priority Rating:</b> Medium</p>   |                       |

|   |                            |
|---|----------------------------|
| <b>C4</b>   | <b>ASSET AND INVENTORY</b> |
| <p><b>C4.1 Asset/inventory management and safeguarding</b></p> <p>The Administration unit maintains the Country Office's asset and inventory register. However, this is yet to be completed with asset tagging numbers, and there has not yet been a documented review by someone independent of the process to validate its accuracy.</p> <p>The assets list records Country Office items and satellite phones acquired since 2005. However, a yearly physical check on the assets, including technical checks on the satellite phones has not been performed.</p>   |                            |
| <p><b>Agreed action 25:</b></p> <p>The Country Office agreed to:</p> <ul style="list-style-type: none"><li>a) Complete the asset tagging process, and update the register with the latest details. A physical inventory check is performed at least twice a year and is signed by two persons as evidence that the register matches the physical assets.</li><li>b) Review (by management and/or delegated authority) the asset register, with an action plan to timely and proper dispose of assets no longer required.</li></ul> <p><b>Manager responsible for the action:</b> Administration Officer</p> <p><b>Due Date:</b> September 2016</p> <p><b>Priority Rating:</b> Low</p> |                            |

|   |                            |
|---|----------------------------|
| <b>C5</b>   | <b>INFORMATION SYSTEMS</b> |
| <p><b>C5.1 IT management</b></p> <p><u>Internet connection</u></p> <p>The Country Office has signed a service agreement with a local IT company to support the internet connectivity needs. The agreement includes technical assistance to support any internet connectivity problems, and assurance by the company for a 99.9% internet uptime. However, based on observations and users' feedback, the stability of the internet connectivity was below the service level assurance of the IT company.</p> <p>As a result, the Country Office had to rely on USB internet sticks from other service providers as backups, which has incurred additional costs.</p> <p><u>IT support and data management</u></p> <p>The Country Office does not have a designated technical IT staff and therefore, have been receiving IT support from the Host National Society IT department. The support is on an ad-hoc basis, and requested mainly on hardware connectivity issues, and does not involve IFRC data.</p> <p>This means that the management of backups and data is the responsibility of the IFRC Country Office. However, a server and systematic backup process (weekly and off site backup storage) have not been established for the Country Office. Currently, staff perform their individual backups on external hard drives, but there is no management oversight to ensure that these backups are occurring. The audit noted staff knowledge gaps in terms of electronic data retention, back-up policy, and IT security policies/protocols.</p> |                            |
| <p><b>Agreed action 26:</b></p> <p>The Country Office agreed to:</p> <ol style="list-style-type: none"><li>a) Monitor and escalate the quality of internet connectivity with the IT company to have it resolved. The reasons for the connectivity problems should be documented and shared with the Country Office (and IT Africa Regional) in order to understand the cause of the recurring issues and have it resolved.</li><li>b) Develop a role matrix to provide clarity on the roles and responsibilities in aspects of IT support, data management, and backups.</li><li>c) Coordinate with IT Africa Regional Office to ensure that all IT processes, procedures and systems according to IFRC standards are established. This includes setting up the server, shared drive, backup processes, and sensitizing all staff on IT policies, and data security etc.</li></ol> <p><b>Manager responsible for the action:</b> Head of Country Office</p> <p><b>Due Date:</b> December 2016</p> <p><b>Priority Rating:</b> Medium</p>   |                            |

## PART III ANNEXES

### ANNEX 1 - PRIORITY RATINGS

| Risk Rating     | Risk Rating Description  |
|-----------------|--|
| High priority   | The observations could have high material impact upon the achievement of objectives, and the weaknesses identified should be addressed urgently.           |
| Medium priority | The observations could have significant or material impact on the achievement of objectives, and the weaknesses should be addressed promptly.              |
| Low priority    | The observations could have some impact on the achievement of objectives. There is scope for improvement by addressing any identified weaknesses promptly. |

### ANNEX 2 - ABBREVIATIONS

|       |  |
|-------|--|
| APPLE | Appeal and Pledges IFRC system                                   |
| CHF   | Swiss francs   |
| CODA  | Federation Secretariat Accounting System                         |
| DREF  | disaster relief emergency fund                                   |
| HNS   | Host National Society  |
| HoCo  | Head of Country Office   |
| IFRC  | International Federation of Red Cross and Red Crescent Societies |
| M&E   | monitoring and evaluation  |
| OIAI  | Office of Internal Audit and Investigations                      |
| PEAR  | project expenditure approval request                             |
| PMER  | planning, monitoring, evaluation and reporting                   |
| PNS   | Partner National Society   |
| PPP   | programme/project planning                                       |
| RD    | resource development   |
| SOSC  | Shared office and service costs                                  |
| SSP   | South Sudanese pound   |
| SSRC  | South Sudan Red Cross  |
| VAT   | value added tax  |