OFFICE OF INTERNAL AUDIT
AND INVESTIGATIONS

INTERNAL AUDIT OF THE YAOUNDÉ COUNTRY CLUSTER OFFICE
REPORT NO. IA-2016-12

AUDIT PERFORMED: NOVEMBER/DECEMBER 2016

REPORT DATE: FEBRUARY 2017
PART I INTRODUCTION & EXECUTIVE SUMMARY

1. BACKGROUND AND CONTEXT

The Central Africa Country Cluster office of the International Federation of Red Cross and Red Crescent Societies (IFRC) is based in Yaoundé, Cameroon. There are sub-offices in Bertoua, eastern Cameroon, as well as in the Democratic Republic of Congo (DRC). The Office and is part of the IFRC Africa Region.

The 2016 mid-year operational report for the Cluster Office states that the geographic coverage of the Cluster Office includes Cameroon, DRC, Equatorial Guinea, Gabon, Republic of Congo and Sao Tome/Principe. The Cluster Office’s 2016 operational plan notes the following:
- the areas of focus are disaster risk reduction; livelihoods and health.
- population movement, urbanization and climate change are increasingly affecting the region.
- increased poverty and insufficient resources are pushing more people into urban areas, increasing the need to strengthen national society capacities in urban disaster risk reduction.
- the region is prone to epidemics including cholera, and endemic diseases (malaria and HIV/AIDS).

As at September 2016, the operations the cluster reported a 2016 annual budget\(^1\) of CHF5.5 million. The main recent operations included:
- Multi Country Cluster Office operational plan (MAA62001, budget ~CHF2.7 million) which included a Cameroon Refugees Assistance project with a 2016 annual budget of ~CHF2.1 million.

As at the audit, the Office had just concluded a relocation from its previous premises, also in Yaoundé. There were twenty-one staff based in Yaoundé, ten staff based in Bertoua, and a further four staff based in the DRC.

The last internal audit of the Cluster Office was performed by the Office of Internal Audit and Investigations (OIAI) in 2011. The current internal audit was performed in November-December 2016, and was performed in Yaoundé.

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.

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\(^1\) Non-regular or “other” resources
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***:

<table>
<thead>
<tr>
<th>SECTION</th>
<th>Recommendations</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>High Priority</td>
</tr>
<tr>
<td>OVERSIGHT AND RISK MANAGEMENT</td>
<td>1</td>
</tr>
<tr>
<td>A1 Risk management, oversight and monitoring</td>
<td>-</td>
</tr>
<tr>
<td>A2 Organisation, coordination and communication</td>
<td>-</td>
</tr>
<tr>
<td>A3 Legal and supplementary services</td>
<td>1</td>
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<tr>
<td>PROGRAMME AND PARTNERSHIP MANAGEMENT</td>
<td>2</td>
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<tr>
<td>B1 Programming, planning, monitoring, evaluation, and reporting</td>
<td>-</td>
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<tr>
<td>B2 Resource development and partnership management</td>
<td>-</td>
</tr>
<tr>
<td>B3 Logistics, procurement and fleet</td>
<td>2</td>
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<tr>
<td>B4 Security</td>
<td>-</td>
</tr>
<tr>
<td>OPERATIONS SUPPORT</td>
<td>6</td>
</tr>
<tr>
<td>C1 Finance</td>
<td>2</td>
</tr>
<tr>
<td>C2 Human resources</td>
<td>4</td>
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<tr>
<td>C3 Administration</td>
<td>-</td>
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<td>C4 Assets and inventory</td>
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<td>C5 Information systems</td>
<td>-</td>
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<tr>
<td>TOTAL AUDIT RECOMMENDATIONS</td>
<td>9</td>
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</table>
**Good practices**

Positive practices noted during the audit included the following:

- ✓ Decision paper and risk assessment performed for the latest Cluster Office relocation.
- ✓ Staff communicating the Safecall contact details in email sign-off for reporting fraud, corruption.
- ✓ Logistics/procurement and fleet management tools to monitor requisitions, procurement and vehicle usage.
- ✓ Staff undertaking the fraud and corruption prevention e-learning training.

**Improvement areas**

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

<table>
<thead>
<tr>
<th>Audit objectives</th>
<th>High Priority</th>
<th>Medium Priority</th>
<th>Low Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Effectiveness</td>
<td>-</td>
<td>5</td>
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<tr>
<td>b) Efficiency</td>
<td>2</td>
<td>-</td>
<td>-</td>
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<tr>
<td>c) Asset Safeguarding</td>
<td>7</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>d) Reporting</td>
<td>-</td>
<td>2</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
<td><strong>16</strong></td>
<td><strong>3</strong></td>
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In relation to the audit objective of compliance, sixteen of the above recommendations were caused in part by compliance related matters.

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

**Effectiveness**

There are no high priority recommendations (five medium priority) with a primary risk related to effectiveness.

**Efficiency**

There are two high priority recommendations (#10, #20) with a primary risk related to efficiency. To improve efficiency, the Cluster Office should:

- • Develop capacity in warehouse management to ensure that the standards in the IFRC warehouse manual are known and complied with; review the items in the warehouse and assess what should be disposed (recommendation #10).
- • Perform a review of job descriptions to ensure that these accurately reflect each staff member’s current roles and responsibilities; perform and document a salary benchmark with similar organisations in-country, and establish a job classification system with each national staff graded according to this job classification (recommendation #20).

**Asset Safeguarding**

There are seven high priority recommendations (#5, #11, #15, #17, #22, #23, #25) with a primary risk related to asset safeguarding. To improve asset safeguarding, the Cluster Office should:

- • Establish a contract database which includes a list of contracts signed and their expiry dates, and this database is used to ensure timely renewal of contracts; review the status of cooperation agreements with National Societies to assess if these should be renewed; and implement a final hard copy review process of contracts (recommendation #5).
- • Enhance the suppliers’ pre-qualification process; improve the tendering process by (i) establishing a secure and dedicated email box, (ii) designating the permanent members of the Committee of Contracts (CoC) and their terms of reference, and (iii) documenting the evaluation performed on the samples submitted by suppliers; improve the tendering process; and establish a checklist in relation to the documentation which should be retained in a procurement file (recommendation #11).
• Establish project agreements with National Societies in CHF, and record working advances in CHF (or obtain the required approval); regularly request for confirmation of working advances with National Societies, and escalate long outstanding working advance balances to management; develop capacity and awareness of the supporting documentation requirements for working advances (recommendation #15).

• Establish as part of the leaver’s process, the immediate update of the authorised signatory list; train bank signatories regarding their responsibilities; ensure the completeness and accuracy of bank account reconciliations (recommendation #17).

• Develop human resources capacity at the Cluster Office; assess the need to operate two categories of leave (annual leave and leave of absence); perform a full reconciliation of the leave monitoring sheet to ensure that this matches with the staff leave requests; establish a process of regular and written communication to staff concerning annual leave management (recommendation #22).

• Document the salary review process in the national staff regulations; consolidate the human resources payroll calculation table and the finance working table to ensure these figures match; seek legal advice and/or region human resource support, to assess the eligibility of termination benefits (recommendation #23).

• Finalise the national staff regulations; during the interim phase, discontinue the application of the international staff regulations and apply the national labour law (recommendation #25).

**Reporting**

There are no high priority recommendations (two medium priority) with a primary risk related to reporting.
PART II  DETAILED OBSERVATIONS & MANAGEMENT ACTION PLAN

NO. IA-2016-12
### SECTION A – OVERSIGHT AND RISK MANAGEMENT

#### A1 RISK MANAGEMENT, OVERSIGHT AND MONITORING

**A1.1 Risk management**

**Risk management processes**

There is an informal risk management process implemented by the Cluster Office. A risk register was developed in July 2013 and more recently, in the 2016 Operational Plan (OP). However, although risks had been identified and control activities developed, there were no specific timelines and follow-up to ensure timely implementation. For example, in relation to insufficiency of funds, although an initial 2016 funding plan was developed, this was not regularly reviewed, and this risk remained during 2016.

**Relocation of Cluster Office premises**

In December 2014, the Cluster office relocated with the main purpose to reduce rental costs. There was no approved decision paper nor a documented risk assessment for this relocation. The relocation did not succeed in reducing costs, and resulted in a decision to again relocate. Less than two years later, the Cluster Office moved to its current premises. It was noted that an improved process was used for this relocation. A decision paper was documented and approved by the Africa Regional Office, and this included a detailed analysis.

Although risk management processes are improving, there is not yet a systematic process to identify, assess and manage risks.

**Agreed Action 1:**

The Cluster Office agreed to:

- a) Update the Cluster Office risk register, and ensure this is regularly reviewed (e.g. six monthly). The management of the Risk Register will be attached with the Cluster Office PMER cycle and will be reviewed every six months.
- b) Establish risk management practices for major initiatives (e.g. emergency appeals). This should include risk mitigation activities with specific timeframes for implementation. Risks identified on major initiatives such as emergency appeals will also be attached to the PMER cycle.

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

**Due Date:** June 2017

**Priority Rating:** Medium

#### A1.2 Governance and oversight

**Oversight of operations**

As at the audit, the Cluster Office was overseeing operations with a budget of ~CHF5.5 million. This mainly comprised of the Operational Plan (OP) for the Cluster Office (~CHF2.7 million), and the Yellow Fever appeal in the Democratic Republic of Congo (DRC) (~CHF2.1 million). There were also several Disaster Relief Emergency Funds (DREFs) projects. Oversight of the operations includes a monitoring sheet with key financial and programme data. This was used for the DRC Yellow Fever appeal. However, this monitoring sheet has not extended to all projects to provide a dashboard on key project matters, such as actual versus budget variances, project agreement status, and monitoring project progress.

**Oversight of sub-offices**

The Cluster Office’s main office is based in Yaoundé, with a sub-office in Bertoua, eastern Cameroon. There is also a reporting line from the DRC to the Cluster Office. There are ten staff at the Bertoua office and four staff in DRC. These offices should have equivalent controls as Yaoundé in finance, human resources, security, administration and other...
functions. In relation to finance, a staff was deployed from Yaoundé to DRC to develop the finance systems. However, an oversight and monitoring system is not yet established to ensure consistent standards in other functions.

**Agreed Action 2:**
The Cluster Office agreed to:

a) Establish a dashboard with key information, which is regularly reviewed by management. The dashboard used for the DRC yellow fever appeal will be extended to all interventions and improved to include all relevant codes, deadlines and tracking milestones.

b) Implement oversight and monitoring systems to ensure that sub-offices are using consistent and minimum quality standards in relation to key functions (e.g. finance, human resources, administration etc.)

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

**Due Date:** June 2017

**Priority Rating:** Medium

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**Geographical scope of the Cluster Office**
The 2016 operational plan (OP) and mid-year operational report (OR) states that the Cluster Office’s geographical coverage is six countries: Democratic Republic of Congo, Congo, Gabon, Cameroon, Equatorial Guinea and Sao Tome/Principe. This excludes the Central African Republic (CAR) and Chad. The audit noted that:

- Chad is a member of the Economic Community of Central Africa States (CEEAC) however, it is not included in the geographic scope of the Cluster Office, and Chad was temporarily assigned to the Dakar Cluster Office.

- The CAR office reports to the Region in relation to the Global Fund, but for other CAR programmes, the Cluster Office provides technical support. However, this is not documented in the OP.

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**2016 Multi-country Cluster Office operational plan and report**
The 2016 operational plan (OP) outlines the results to be achieved by National Societies with the support of the IFRC. It was noted that in the 2016 OP and OR, the OR does not report against the OP indicators in all areas. For example:

- OP area of focus output 1.1.4: the indicator is “# of people reached” and a target of 162,000 persons. However, the 2016 mid-term OR recorded a target of three countries and reported against this indicator.

- OP area of focus output 1.1.5: the indicator is “# target schools participating in school safety activities” and a target of 4,500. However, the OR recorded a target of six National Societies and reported against this indicator.

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**Agreed Action 3:**
The Cluster Office agreed to:

a) Document and clarify the geographical scope of the Cluster Office, including its role in relation to CAR and Chad.

b) Establish relevant and SMART indicators in the operational plan, and measure progress against these indicators in the operational reports.

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

**Due Date:** March 2017

**Priority Rating:** Medium
A2 | ORGANISATION, COORDINATION AND COMMUNICATION

A2.1 Organisation

*Organisation of work*

The Cluster Office (excluding DRC) is resourced with ~30 staff covering programmes, finance, logistics, human resources, information technology and administration. It was noted that:

- The UNHCR project (Bertoua) is organised with a finance officer with nine staff directly/indirectly reporting to him. However, the finance office does not have staff management responsibilities in his job description (see C2.1).

- The programmes function is resourced with a disaster management (DM) coordinator, a health coordinator, and a PMER assistant. However, there is a lack of DM/health support staff, with the risk that programme quality is negatively impacted (see also B1.1). The auditors were informed that this issue has been highlighted to Africa Region leadership, but this risk has not yet been mitigated.

The reorganisation of the Cluster Office was in process as at the audit but not yet finalised.

*Cluster Office support to the Region*

The Cluster Office provides support to the Region under matrix deployments. For example, support was provided for Liberia (health), CAR and Chad (finance), and Guinea (communication). However, the Cluster Office has its own limitations, and has not been the recipient of support in areas such as human resources, PMER, communications and finance. For example, in 2016 the Cluster Office’s finance/administration manager was acting for the Head of Country Cluster Office (~six months), and he is also the acting Finance Analyst for the Global Fund (more than six months). The Cluster Office has also not received sufficient human resources technical support (see C2).

A2.2 Coordination and communication

The Cluster Office has regular staff meetings to ensure that key issues are timely communicated. Further, the auditors were informed that support functions are included in operations’ planning processes. However, there is not yet effective coordination between functions in contract management, procurement, and inventory. For example:

- A consolidated supplier database is not established which includes all administration and IT service providers.

- A consistent system is not in place for procurement. The procurement function maintains a database of logistics requisitions, but procurement performed by the administration function does not use the same system.

- A consistent system is not in place for inventory management. Inventory is managed by IT and administration, but standardised tools are not used and coordination between functions is not effective.

**Agreed Action 4:**

The Cluster Office agreed to:

a) Finalise the reorganisation of the Cluster Office, and ensure that job descriptions accurately reflect responsibilities. In relation to the Bertoua sub-office, assess how best to structure the management of this office.

b) Assess technical capacity gaps at the Cluster Office, and request support from the Region where necessary.

c) Coordinate work between functions (e.g. IT, administration and procurement) to ensure that consistent standards are applied.

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

**Due Date:** May 2017

**Priority Rating:** Medium
### A3 | LEGAL AND SUPPLEMENTARY SERVICES

#### A3.1 Contract management

Contracts signed by the Cluster Office include project, cooperation, grant and service agreements.

**Contract database**

The Cluster Office retains a file for project agreements, and the auditors were informed that cooperation agreements with National Societies were signed in ~2012, but these could not be provided. There is no list of project and cooperation agreements with National Societies and expiry dates. The Cluster Office intends to use e-contracts as a contract database but this is not yet implemented.

**E-contracts**

E-contracts is used to review some contracts, and there are contracts which are also reviewed with a manual sign-off sheet. In a sample of five project agreements reviewed, it was noted that:

- one project agreement stated that a National Society was operating on the cash transfer system. However, this was an error and the National Society was operating under the working advance system.
- one project agreement stated that ~CHF91K would be provided by the IFRC to a National Society, with the budget attached as an annex to the agreement. However, the annex included a budget of ~CHF211K. The reason for the difference was because an incomplete budget printout was attached.

**Agreed Action 5:**

The Cluster Office agreed to:

- a) Establish a contract database which includes a list of contracts signed and their expiry dates, and this database is used to ensure timely renewal of contracts. The use of E-contracts will be enhanced through additional training, and staff will receive training on how to set-up automatic reminders on the various contract deadlines.
- b) Review the status of cooperation agreements with National Societies during 2017.
- c) Implement a final hard copy review process of contracts to ensure the accuracy of agreements.

**Manager responsible for the action:** Head of Country Cluster Office  
**Due Date:** December 2017  
**Priority Rating:** High

#### A3.2 Supplementary services

There were no integration or service agreements with Partner National Societies.

#### A3.3 Other legal matters

The Cluster Office has appointed a local legal advisor to provide legal advice on matters such as local labor law and contracting. The audit reviewed a sample of issues where legal advice was obtained. It was noted that written legal advice is provided however, this was retained in emails and not filed with the contract/subject. The auditors were informed the legal advisor reviewed the national staff regulations however, the legal advice could not be provided.

The auditors were informed that the current CA Cluster Office legal advisor has been contracted since 1999. However, there is no record available to indicate, if and how, the Geneva legal affairs were consulted.

**Agreed Action 6:**

The Cluster Office agreed to:

- a) Document in the contract review process, the legal advice provided by the local legal counsel.
- b) Consult Legal Affairs (Geneva) for any appointment/reappointment of in-country legal advisors.

**Manager responsible for the action:** Head of Country Cluster Office  
**Due Date:** March 2017  
**Priority Rating:** Medium
SECTION B – PROGRAMME AND PARTNERSHIP MANAGEMENT

Good practices
✓ Logistics/procurement/fleet management tools developed to monitor requisitions, procurement and vehicle usage.

B1 PROGRAMMING, PLANNING, MONITORING, EVALUATION AND REPORTING

B1.1 Project management
The main projects managed by the Cameroon office relate to MAA62001 (Operational Plan of the Cluster Office), as well as several DREFs. The budget for MAA62001 is predominantly comprised of the UNHCR grant, with activities and finances managed by the Bertoua sub-office.

UNHCR programme/Bertoua
In April 2016, the IFRC signed an agreement “Assistance to Central African and Nigerian Refugees: Food Distribution / NFI and Biometrics” with the UNHCR, relating to the period January to December 2016. The audit noted that:
- the agreements are signed annually and there have been challenges to sign the agreement prior to the project start date. Discussions have been launched with the Partner regarding the 2017 agreement but as at the audit, the 2017 agreement had not been signed.
- the transfer of funds to Bertoua is made through different means including bank cheque, bank transfer, or directly from an IFRC CHF account. The fund transfer process has not yet been standardised.

Project financial management
Project managers are responsible to ensure that projects are delivered on time and on budget. The audit noted:
- A 2016 mid-year narrative report was prepared for the UNHCR project, but this was not accompanied with a corresponding mid-year financial report.
- Variances between the year to date (YTD) budget and YTD expenditure for June included some significant differences (e.g. relief items YTD budget of CHF184K, YTD expenditure of CHF14K). The September 2016 appeal financial report for MAA62001 noted similar significant variances. Although there could be valid reasons for the differences, there is no direct explanation in narrative reports to explain significant over/underspending.
- Ineligible expenditure was identified in 2016 in relation to closed (2013) DREF projects. These funds will be required to be repaid to the DREF and resulted in several projects with a negative closing project balance.
- Budget holder approval is not documented in all transactions sample tested.

Agreed Action 7:
The Cluster Office agreed to:

a) Develop risk mitigation activities to reduce the impact of the late signing of the project agreement. This includes discussions with the partner to agree to sign before the end of February 2017.
b) Decide on the most appropriate method to transfer funds to Bertoua and apply this method consistently for all fund transfers.
c) Analyse major differences between year-to-date budget and year-to-date expenditure, and explain/document reasons for these differences.
d) Improve project management practices to ensure that budget holders are aware of expenditure eligibility criteria, and approve accordingly.

Manager responsible for the action: Head of Country Cluster Office
Due Date: March 2017
Priority Rating: Medium
## B1.2 Planning, monitoring, evaluation and reporting (PMER)

### Monitoring and Evaluation (M&E) plan

M&E plans have been prepared for a partner funding proposal and for the Cluster Office operational plan (MAA62001). However, a M&E plan has not been finalised for all emergency appeals in the Cluster Office. Without such a plan, means of verification for indicators is not documented, which may result in inaccurate or unsubstantiated information in reports.

### Evaluation

The APPLE evaluation database and the IFRC public website noted one operational review performed in 2016. There was no plan established for upcoming evaluations and not all Cluster Office interventions over CHF1 million have had an independent evaluation and/or mid-term assessment (for interventions over twenty-four months), as per the IFRC Framework for Evaluation. Evaluations are not systematically planned or budgeted.

### Agreed Action 8:

The Cluster Office agreed to:

1. Establish monitoring and evaluation plans for all appeals, and perform sample testing to ensure that reported figures can be substantiated with documentation (or means of verification).
2. Plan and budget for evaluations, ensuring that all Secretariat interventions over CHF1 million have an independent evaluation and/or mid-term assessment (for interventions over twenty-four months). Facilitate a management response for each evaluation, which should be considered for publication together with the evaluation report.
3. Establish a process to follow-up the implementation status of evaluation recommendations.

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

**Due Date:** June 2017

**Priority Rating:** Medium
### B2 RESOURCE DEVELOPMENT AND PARTNERSHIP MANAGEMENT

#### B2.1 Resource development and pledge management

As at September 2016, the annual budget of the Cluster Office amounted to ~CHF5.5m with total funding of ~CHF3m. For the Cluster Office operational plan (MAA62001), the funding coverage was ~64%, and for the DRC Yellow Fever Appeal (MDRCD018) this was ~51%. A funding plan for 2016 was developed at the start of the year, but this has not been regularly updated.

Regarding recovery of funding pledges, as at September 2016, there was ~CHF600K in overdue pledges comprised of DRC CHF545K (due August/September 2016), Cameroon CHF47K (due August 2016), and Yaoundé Cluster Office CHF23K (due February-September 2016).

Responsibilities have yet to be allocated to ensure that the funding plan is monitored and implemented, and that pledges are timely recovered from partners.

**Agreed Action 9:**

The Cluster Office agreed to include resource mobilisation, pledge management recovery in its PMER cycle as well as in the risk register dashboard to ensure a better internal follow up with the Africa Region.

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

**Due Date:** March 2017  
**Priority Rating:** Medium

#### B2.2 Partnerships

Other than the issues in B2.1, there were no other reportable issues noted.
## B3 LOGISTICS, PROCUREMENT AND FLEET

### B3.1 Logistics and warehouse management

The Cluster Office manages one warehouse based in Yaoundé. An excel stock management system is used to record stock movements and the Cluster Office has also received support from the logistics delegate based in DRC to develop its systems. However, the standards established in the IFRC warehouse manual are not fully complied with, for example:

**Stock management**
- The bin cards proforma is not used. A sample of ten bin cards were reviewed to assess if these matched the stock records. One bin card reported 378 items, but the stock records indicated 2,277 pieces. Further the running balance on the bin cards for two items were not accurate and included arithmetic errors.
- Although monthly stock movement reports are maintained, stock cards are not used to detail the full history of the stock. For example, waybill numbers.
- The storage/organisation of items is not consistent with the standards outlined in the IFRC warehouse manual.
- The auditors were informed that a physical stocktake was performed, but this had not been documented.

**Security assessment and warehouse management assessment**

It was noted that the security/safety guidelines in the warehouse manual were not fully implemented. For example, some stock was located on a second level of the warehouse and were not able to be safely accessed.

**Organisation of stock**

The warehouse is used to store goods for operations, but also other items (IFRC furniture/equipment, archived documents). Some of the pre-positioned stock is difficult to access which would restrict the ability to quickly load and transport these items should there be an urgent emergency operation. Further, it was noted that there were items in the warehouse which are no longer required and could be disposed.

**Agreed Action 10:**

The Office agreed to:

- Develop capacity in warehouse management to ensure the standards in the IFRC warehouse manual are complied with. This should include stock management, safety/security and organisation of stock. An action plan to reorganise the warehouse and improve the overall functioning of the department will be developed.

- Review the items in the warehouse and assess what should be disposed. Disposal of items should be performed in accordance with the IFRC Fixed Assets procedure.

**Manager responsible for the action:** Head of Country Cluster Office  
**Due Date:** June 2017  
**Priority Rating:** High

### B3.2 Procurement

**Suppliers management**

A suppliers’ database has been used since March 2015 by the logistics/procurement function. This requires suppliers to be pre-qualified prior to registration into the database. The audit noted that:

- Some documents are requested from the supplier during the pre-qualification process. However, a checklist is not used to track the submission of these documents, and some documents are missing. Other documents are requested during the bid process and have not been integrated into the suppliers’ pre-qualification process.
- A quality/performance analysis has not been implemented to track the performance of suppliers.
- There were some suppliers in Request for Quotations (RFQs) who were not registered on the suppliers’ database at the time of the procurement (see procurement testing results below).

**Procurement process**

Procurement is performed by either the procurement/logistics function or the administration function. In both instances, a requisition is prepared and this is recorded in an excel database. It was noted:
- Bids are received electronically/hard copy. However, there is not yet a secure system to receive electronic bids.
- Samples of goods are submitted by bidders, but the results of the sample testing are not documented.
- The auditors were informed that there is a Committee of Contracts (CoC). The CoC members were designated by the previous regional representative, but due to the Cluster Office move the documentation could not be located.

**Procurement testing**

A sample of ten procurement files were tested with the following noted:
- Logistics requisitions (LR) are prepared but these were not consistently attached as supporting documentation, and those that were attached, were not fully completed (e.g. specifications and date).
- One example of a request for quotation (RFQ) which did not explicitly require a sealed envelope for receiving bids. The amount exceeded CHF 20K which requires bids to be sealed.
- Bid opening minutes not attached as supporting documentation.
- One IT procurement file where suppliers were included in the RFQ, but were not registered at the time of the procurement. The auditors requested the full procurement file, but this was not available.

**Agreed Action 11:**

The Cluster Office agreed to:

a) Enhance the suppliers’ pre-qualification process by (i) establishing a document checklist to ensure that all documents are submitted; ii) requesting all administrative documents required during tenders in the pre-qualification process.

b) Improve the tendering process by (i) establishing a secure and dedicated email box for receiving electronic bids, (ii) designating the permanent members of the Committee of Contracts (CoC) and their terms of reference, and (iii) documenting the evaluation performed on the samples submitted by suppliers in the minutes of the CoC.

c) Establish a checklist in relation to the documentation which should be retained in a procurement file. This should include ensuring (i) completeness of the documents, (ii) tendering conditions addressed to suppliers in accordance with IFRC standards, (iii) documented CoC minutes, and (iv) detailed justification of all unusual or exceptional process occurring during a tender.

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

**Due Date:** March 2017

**Priority Rating:** High

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

The Cluster Office manages four vehicles in Yaoundé. The Cluster Office also has three generators registered in Fleetwave of which there is at least one which is no longer required. There are additional vehicles based in Bertoua but their management was not reviewed as part of the audit. A review of the vehicle management processes noted the following:

**Fuel management**

A fuel card system is in place in Yaoundé. There is also a spreadsheet monitoring the fuel usage. However, the fuel usage has not been input into Fleetwave since June 2016, and the existing logistics officer did not have access to Fleetwave until the end of November 2016. Fuel has also not been entered into Fleetwave for the generators.

**Vehicle Policy**
For security reasons, all delegates are requested to use the IFRC vehicle only. For the same reason, the housing policy requires delegates to live in locations determined and paid for by the IFRC. The Cluster Office has developed a vehicle policy however, there are clauses which are inconsistent with the IFRC Fleet Manual. Further, there was no evidence of formal approval of the vehicle policy.

Agreed Action 12:
The Cluster Office agreed to:

a) Assess the existing vehicles/generators and dispose as necessary in accordance the IFRC Fixed Assets procedures.

b) Input monthly fuel usage for vehicles and generators into Fleetwave, and review for reasonableness.

c) Review the Vehicle Policy which should be submitted to the Africa Regional Office for approval.

Manager responsible for the action: Head of Country Cluster Office

Due Date: March 2017

Priority Rating: Low
### B4 SECURITY

#### B4.1 Security framework

Of the six countries under the geographic scope of the Cluster Office, there are two locations (Cameroon and Democratic Republic of Congo) where the IFRC has in-country presence. It was noted that:

**Security regulations/country security profile**

- The security regulations have been drafted for Cameroon and for DRC but the updated plans have not yet been approved by the security function (Geneva). The Cameroon security plan was assessed as minimum security requirements (MSR) compliant during 2016. However, the security regulations for both DRC and the Cluster Office have since been updated and submitted to the secretariat security unit for final approval.
- In relation to the other countries of the Cluster Office, there is no security profile developed to ensure that security information is available for staff visiting these countries.
- A security self-assessment was performed (April 2016) which identified some security gaps. Some of these gaps remained as at the audit.
- Not all staff are registered in the e-learning platform as having completed the required Stay safe training.
- Documented security assessments were not available for all IFRC premises such as delegate housing, the warehouse and the sub-office.

It was noted that a sub-regional security delegate has recently been appointed to provide technical support to the countries covered by the Cluster Office.

#### Agreed Action 13:

The Cluster Office agreed to:

a) Review and update the security regulations for Cameroon and DRC to ensure that IFRC offices are minimum security requirement (MSR) compliant. For all IFRC premises, ensure there is a documented security assessment which is retained on file.

b) Develop (and regularly update) security profiles for each of the Cluster Office countries, which are provided to staff travelling to these countries.

c) Develop an action plan to implement the gaps identified in the security self-assessment.

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

**Due Date:** June 2017

**Priority Rating:** Medium
Good practices
✓ Staff undertaking the fraud and corruption prevention e-learning training.

C1 FINANCE

C1.1 Financial management and oversight
Month end files & financial oversight
A review of three month-end files and the month end financial position of the Cluster Office noted:
- The delegation checklist is prepared and signed by the relevant responsible persons. However, September 2016 had not yet been completed, and the quality and accuracy of the checklists do not consistently reflect the reality.
- The year-end balance sheet for December 2015 was reviewed by the Head of Office, but there were adjustments made after this was signed, and the amended accounts were not resubmitted for review.
- The last reviews of the regional finance analyst were from July and August 2016. However, due to the Cluster Office move, the recommendations made from these reviews have not yet been fully implemented.

Shared office service costs (SOSC)
The 2016 mid-year finance analysis report for the Africa region noted that the SOSC balance for the Yaoundé Cluster Office was ~CHF80K above the target. Although the SOSC has been revised for 2017 to reduce this variance, this significant difference indicates that the original SOSC budget was not accurately prepared.

Balance sheet matters
The finance/administration manager was aware of the main outstanding issues in the balance sheet. However, although outstanding matters were identified, a number had not yet been resolved. For example:
- Resolution of long outstanding working advances with National Societies (see C1.2).
- Allocation of working advances without an employee code, and long outstanding staff advances (see C1.3).
- Reconciliation and breakdown of asset accounts (e.g. provision for employee benefits).

Agreed Action 14:
The Cluster Office agreed to:

a) Establish a monitoring process to ensure the accurate and timely completion of the month-end financial checklists. This should include ensuring that all exceptions are explained and timely resolved.

b) Timely respond to, and implement the recommendations from the Region finance analyst, and establish a process for escalating long outstanding/carry forward issues.

c) Obtain accurate estimates of headcounts and budgets to ensure that there are no significant differences in SOSC. Regularly monitor the SOSC balance to ensure this is within the established targets, and make timely revisions.

d) Review and follow-up outstanding balance sheet items, including key warnings in the balance sheet accounts.

Manager responsible for the action: Head of Country Cluster Office
Due Date: March 2017
Priority Rating: Medium

C1.2 Partner working advances and cash transfers

Working advances in local currencies
All National Societies in the Cluster Office are operating on the working advance system. A review of the working advances to National Societies noted that two of sixteen outstanding working advances in the September 2016 balance sheet were in CHF (~30% of the CHF 609K September 2016 balance). Therefore, the remaining balance is subject to exchange rate exposures. The IFRC working advance procedures state that working advances should be in CHF with exceptions approved by the Chief Financial Officer.
Reconciliations of working advances
The auditors were informed that quarterly reconciliations of working advances are performed, with the last reconciliation performed in April 2016. However, this was verified with only two National Societies.

Long outstanding working advances
There are several long outstanding working advances in the September 2016 balance sheet. Some date from 2011 or earlier and a request for write off/offset against future working advances has not yet been made. For example: a) dormant 9 months or more (six working advances totalling ~CHF12K); b) dormant 6 months (one working advance totalling ~CHF6K); and c) dormant 3 months (two working advances totalling ~CHF140K). (Subsequent to September 2016, the audit noted the clearance of the CHF140K Cameroon working advance).

Supporting documentation related to working advances
A sample of nine working advance transactions were reviewed and the following noted:
- Two procurement files reviewed were not performed in compliance with IFRC procurement procedures.
- Conversion from local currency to CHF rates were not documented (two files).
- Working advances were not timely cleared (three files). For example, expenses were recorded in July 2015 for expenditure incurred by a National Society in 2012.

Agreed Action 15:
The Cluster Office agreed to:

a) Establish project agreements with National Societies in CHF, and record working advances in CHF (or obtain the required approval for agreements in local currency).

b) Regularly request for confirmation of working advances with National Societies, and escalate long outstanding working advance balances to management. Where a National Society has not timely cleared a working advance, additional working advances should be restricted.

c) Develop capacity and awareness (with budget holders and the National Society) of the supporting documentation requirements for working advances.

Manager responsible for the action: Head of Country Cluster Office
Due Date: June 2017
Priority Rating: High

C1.3 Staff working advances
Working and travel advances are recorded under several different account codes in the balance sheet. It was noted:
- Account 1454: Non-staff may receive advances, and no employee code established. For example, there were sixteen balances for advances to those without an employee code for September 2016, totalling more than CHF35K. The audit noted that this issue was subsequently resolved by year-end.

- Account 1452: there are three balances totalling more than CHF16K which are long outstanding and which are unlikely to be recovered. These amounts have not yet been approved for write off.

Agreed Action 16:
The Cluster Office agreed to:

a) Restrict working/travel advances to staff with an established employee code. Funds provided to the National Society should be issued through a working advance to the National Society.

b) Assess long outstanding amounts for recoverability and submit for write-off if required.

Manager responsible for the action: Head of Country Cluster Office
Due Date: March 2017
Priority Rating: Medium
C1.4 Bank account management
The Cluster Office operates three active bank accounts, one in CHF and two in XAF currency.

Bank account signatories
All bank accounts operate on dual signatory, however:
- Bank signatories are not timely removed upon a staff’s departure. For example, one signatory of a bank account left in March 2016, and the removal was only effective in October 2016.
- There was one transaction without an authorised second signatory and this transaction was processed by the bank. The transfer was signed by two people but one signatory was not an approved signatory to the account.

Bank reconciliations
A sample of bank reconciliations were reviewed for three months, with the following noted:
- One bank reconciliation was not on file, and one bank statement not attached to the bank reconciliation (these were later located and filed).
- One bank account does not issue regular bank statements and the Cluster Office requests an extract from the bank. However, the interim extract does not have the standard information such as a bank letterhead.

Agreed Action 17:
The Cluster Office agreed to:

a) Establish as part of the leaver’s process, the immediate update of the authorised signatory list by timely informing the bank. This should include a timely follow-up by requesting a bank confirmation letter.

b) Train bank signatories regarding their responsibilities to ensure that they only sign in relation to their mandated bank accounts. Review the services provided by the bank to determine if this should be closed.

c) Ensure the completeness and accuracy of bank account reconciliations, and attach the original bank statements to bank reconciliations to reduce potential risks on electronic extracts being manipulated.

Manager responsible for the action: Head of Country Cluster Office
Due Date: March 2017
Priority Rating: High

C1.5 Cash management
Cash disbursements: these issues were reported separately to management.

Pre-filled cheques
A review of the cheque books noted that some cheques have pre-filled information such as the amount written in figures and/or words, and the date. Only signatures were missing to complete the validity. Some of these cheques were unused but not cancelled. It was also noted that the bank’s controls around verification of signatories were not functioning effectively to mitigate the risk of forged signatories (see C1.4).

Cash receipts
The Cluster Office uses pre-numbered receipt books and the receipt numbers are recorded in CODA since November 2016 as an external reference. However, a monthly reconciliation of all cash receipts and CODA entries is yet to be performed.

Petty cash counts
The Cluster Office has developed a petty cash policy, and cash counts are performed by the Cluster Office regularly (at least monthly). A cash count was performed at the audit which noted the following:
- A small rounding error was found, which resulted in the account balance not exactly matching the cash on hand.
- There were damaged/fake banknotes part of the petty cash balance, not yet been reviewed for write-off.
- There were three envelopes containing private money kept in the petty cash box.
- Surprise cash counts are not performed frequently (the last surprise cash counts were May 2015/August 2016).

**Agreed Action 18:**
The Cluster Office agreed to:

a) Finalise the agreement with the financial institution to reduce the cash handled in the field. Monitor the other cash needs in Bertoua and minimise cash transactions.

b) Discontinue immediately the practice of pre-filling cheques. Unused cheques are clearly marked/cancelled.

c) Reconcile the cash receipts with the CODA entries to ensure all receipts are accounted.

d) Improve petty cash practices which should include: recording movements of cash for the exact amount received/paid; requesting from the bank a replacement of the defective banknotes; keeping in the petty cash box only money for the Cluster Office operations; and performing and documenting regular surprise cash counts.

**Manager responsible for the action:** Head of Country Cluster Office  
**Due Date:** March 2017  
**Priority Rating:** Medium

### C1.6  Finance supporting documentation

A sample of 69 transactions were reviewed to determine if controls were functioning and if there was sufficient documentation to substantiate the transaction. In general, the transactions were booked into the correct accounts however, there was inconsistency in relation to the quality of supporting documentation retained. It was noted that improvements could be made in relation to:

- documentation retention;
- use of request for payments forms to consistently record details of payment journal entries;
- technical validation (e.g. human resources) for specific expenditure;
- use of prepayment/advance accounts;
- accuracy of the per diem rates; and
- review of private usage expenditure.

**Agreed Action 19:**
The Cluster Office agreed to review and implement the improvement observations.

**Manager responsible for the action:** Head of Country Cluster Office  
**Due Date:** March 2017  
**Priority Rating:** Medium
C2  HUMAN RESOURCES

C2.1 Recruitment, job specifications and classifications

National staff job descriptions
The Cluster Office’s organogram includes sixteen national staff at the Yaoundé Cluster Office and a further ten national staff at the Bertoua sub-office. Some of the national staff job descriptions have not been updated and do not accurately reflect their current roles and responsibilities (see A2.1). For instance, the Bertoua finance officer’s current job description has not been updated since his former position as senior finance assistant, and therefore, does not include his current management role in the sub-office.

Salary scale
A salary scale had been developed but this has not been updated to ensure this is comparable to similar organisations in-country. The auditors were informed that the existing salary scale was benchmarked, but there was no documentation available on this benchmarking.

Agreed Action 20:
The Cluster Office agreed to:
   a)   Perform a review of job descriptions, to ensure that these accurately reflect each staff member’s current roles and responsibilities.
   b)   Perform and document a salary benchmark with similar organisations in-country, and establish a job classification system with each national staff graded according to this job classification.

Manager responsible for the action: Head of Country Cluster Office
Due Date: September 2017
Priority Rating: High

C2.2 Starters, leavers, performance management, and leave management

Starters and leavers
A briefing package is used for international staff however, this has not yet been replicated for national staff, and there is no formal process to ensure national staff have been adequately inducted. For example, not all staff have completed the Stay Safe training which should be a pre-requisite during the probation period.

In relation to leavers, it was noted that the leavers process requires improvement in relation to removal of bank signatories (C1.4), inventory management (C4.1) and working advances (C1.3). The audit noted that a secretariat wide e-boarding process was initiated mid-August 2016 which is expected to be implemented in the future.

Trainings
The completion of Stay safe training is monitored by the human resources function using an excel table. However, this table does not include the Stay safe managers course and has not been checked with the IFRC e-learning training database. It was noted that not all staff have completed the required security training for their role.

Objective settings
The auditors reviewed a sample of performance objectives and noted that these were not specific, measurable, achievable, realistic, or time bound (SMART). For example, there were no dates to accomplish objectives, and the objectives were not sufficiently specific to determine whether the objectives were in fact achieved.

Performance appraisals
The e-learning records indicates that sixteen staff did not have their 2016 objectives completed, and two staff did not have their 2015 staff performance appraisals completed. It was noted that some appraisals are objectives are developed off-line and may not be registered on the e-learning platform. However, an extract of the e-learning report is not obtained to ensure that differences are reconciled.
Agreed Action 21:
The Cluster Office agreed to:

a) Develop and implement a starters checklist applicable to both international and national staff.
b) Implement the e-boarding process for leavers to ensure that all tasks are completed prior to a staff’s departure.
c) Include the completion of compulsory trainings such as the Stay safe in learning objectives. The human resources function should request access to the training database to enable monitoring of staff training undertaken.
d) Establish the 2017 objectives and ensure these are SMART, and complete the 2016 performance appraisals by the due date. The human resources function should request access to the training database to enable monitoring of staff performance appraisals.

**Manager responsible for the action:** Head of Country Cluster Office  
**Due Date:** June 2017  
**Priority Rating:** Medium

### Annual leave management

An annual leave balance summary sheet for all staff is updated by the human resources function, and annual leave requests are retained in individual personnel files. The audit reviewed a sample of leave requests and noted:

- Leave requests in personnel files did not match with the annual leave balance summary sheet.
- The 2016 annual leave starting balances averaged 56 days per staff.
- The 2014 annual leave balances brought forward to 2015 did not reconcile. The carry-over of annual leave days is not adequately monitored, and staff carried over up to 54 days from 2015 to 2016, with an average of 25 days.
- The annual leave for staff in 2014 was twenty days which is stated in their employment contracts. However, since 2015 this increased to thirty days but this decision was not documented. The Cluster Office applied this change because it was included in the international staff regulations. However, this is not applicable to national staff.

**Leave of absence**

There are two different staff leave requests: a) request for annual leave; and b) request for absence. When requesting for annual leave, the leave days are deducted from the staff’s annual leave balance, whereas requests for absence are not deducted. The approval for a request for absence is based on the line manager’s discretion. There is no documentation to clarify when a request for absence can be applied.

Agreed Action 22:
The Cluster Office agreed to:

a) Develop human resources capacity at the Cluster Office. This should include requesting technical support from the Region in relation to leave management.
b) Assess the need for both annual leave and leave of absence. Document leave types in the staff regulations.
c) Perform a full reconciliation of the leave monitoring sheet to ensure this matches with the staff leave requests.
d) Establish a process of regular and written communication to staff concerning annual leave management (e.g. providing summaries of annual leave balances to managers, and verifying annual leave balances with staff).

**Manager responsible for the action:** Head of Country Cluster Office  
**Due Date:** June 2017  
**Priority Rating:** High

C2.3 Payroll and remuneration

**Salary adjustments**
Salary changes are formalised through an addendum to the initial contract however, the salary review process is not documented in the staff regulations. For example, some benefits granted (e.g. long service bonus, duty bonus) were not mentioned in the contract nor the national staff regulations.

**Payroll**

Payroll is processed monthly and the human resources functions prepares a calculation table which is forwarded to the finance function for review. The finance function prepares an additional consolidated table prior to booking the payroll. However, a reconciliation is not performed between the two tables, and the calculation table is not reviewed by human resources. This increases the risks of errors, and there was a salary overpayment to one staff member.

**Provisions for termination**

Staff at the sub-office in Bertoua are employed on a one year contract to align with the funding received for the grant. Provisions for termination benefits are booked monthly and the provisions as at September 2016 amounted to ~CHF40K. However, there is no specific clause in the draft national staff regulations relating to termination benefits.

**Agreed Action 23:**

The Cluster Office agreed to:

a) Document the salary review process in the national staff regulations. This should include the documented approval by the Head of Office for all salary changes.

b) Consolidate the human resources payroll calculation table and the finance working table to ensure these figures match. This table should be reviewed by the human resources and finance functions before being approved by the head of Cluster Office.

c) Seek legal advice and/or region human resource support, to assess the eligibility of termination benefits, with the eligibility included in the national staff regulations. Adjust the financial provisions if required.

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

**Due Date:** June 2017

**Priority Rating:** High

**C2.4 Personnel files**

**National and international personnel files**

A sample of eight personnel files were reviewed and it was noted that:

- A checklist is included in each personnel file but this is not used to ensure that all documentation is retained. For example, documents missing included two current contracts.

- Recruitment information is kept in the individual staff member’s personnel file and not filed separately.

**Code of conduct (CoC) cases**

The Cluster Office reported two code of conduct cases in 2016. The auditors noted that:

- There is no established process to ensure that all Cluster Office CoC incidents are reported to the Region. One potential incident has not been reported and the decision of abandoning the sanction was not documented.

- There were three long outstanding cases from as early as 2009. These cases went to court and are being managed by the local legal advisor. However, there is no documentation kept by the Cluster Office about these cases.

- There is no separate file retained for CoC cases to ensure their confidentiality.

**Agreed Action 24:**

The Cluster Office agreed to:

a) Use the file checklist to ensure the completeness of personnel files. This should include indexing and developing a separate file for recruitment.

b) Develop a process to ensure that all CoC incidents are reported to the region, and are adequately documented.
This should include developing a separate CoC file with restricted access.

**Manager responsible for the action:** Head of Country Cluster Office  
**Due Date:** June 2017  
**Priority Rating:** Medium

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

**National Staff Regulations**

There are draft national staff regulations developed from April 2015. The audit noted the following:

- The regulations have not been established using the standard IFRC template and have not yet been approved by Geneva legal affairs and human resources functions.
- The auditors were informed the labor inspector was consulted during the drafting, but this was not documented.
- The regulations do not reflect all current practices. For example, payroll/termination benefits and leave, are not addressed in the regulations. On the contrary, it includes overtime which is not applied in the Cluster Office.
- The Cluster Office is applying parts of the draft national staff regulations, but also parts of the international staff regulations (see C2.2). However, the international staff regulations are not applicable to national staff.

**Agreed Action 25:**

The Cluster Office agreed to:

a) Finalise the national staff regulations. This should include review by the local Inspector/local legal advisor, Geneva human resources/legal affairs functions, and ensuring alignment with employment contracts.

b) During the interim phase, discontinue the application of the international staff regulations and apply the national labour law, in addition to the conditions outlined in individual staff contracts.

**Manager responsible for the action:** Head of Country Cluster Office  
**Due Date:** June 2017  
**Priority Rating:** High
## C3 ADMINISTRATION

### C3.1 Administrative policies and procedures

**Contract management**
The administration function maintains a contract database. However, this is not accurate and there are services which are provided to the Federation, without a current contract in place. For example, the security contracts in Bertoua did not have a current annexed priced list, and one rental contract in Bertoua is yet to be renewed.

**Housing guidelines for delegates**
Housing guidelines should be prepared in locations where staff accommodation is provided by the IFRC. Draft delegate housing guidelines were developed for Yaoundé and these were reviewed by the regional finance controller. However, there was no review/approval from regional human resources regarding the appropriateness of the housing guidelines.

**Mobile phone policy**
There is no mobile phone policy in place to determine the procurement and use of mobile phones. It was noted that:
- Various models of mobile phones are used and there are no guidelines/standards developed.
- The process to reimburse private usage of mobile phones is not established and consistently performed.
- Cost management processes are not documented to ensure that mobile phone bills are reasonable.

**Cluster Office safety and security**
An assessment of the Cluster Office security has not yet been finalised following the move to the new premises. Security measures being implemented include the installation of video cameras. However, as at the audit, the IT room was not able to be locked and equipment including mobile phones and laptops were not retained in a secure location.

### Agreed Action 26:
The Cluster Office agreed to:

a) Perform regular checks to ensure the administration contract list is accurate, up to date and that renewals of contracts are initiated on time.

b) Finalise the delegate housing guidelines with approval from the Africa regional office (human resources function and/or regional director).

c) Establish and implement a telephone policy to ensure a common understanding about mobile phone usage requirements.

d) Assess the Cluster Office security and implement immediate security measures to safeguard portable and valuable inventory items such as IT equipment.

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

**Due Date**: June 2017

**Priority Rating**: Low
C4 | ASSET AND INVENTORY

C4.1 Asset/inventory management and safeguarding

Inventory registers
The Cluster Office maintains inventory registers for Cluster Office furniture and equipment, IT equipment, as well as equipment procured for international staff’s accommodation. It was noted that:

- A different inventory management system is used for IT inventory compared with Cluster Office inventory.
- A physical inventory count is not reviewed and signed by two persons. The last count was performed in January 2016 for the Cluster Office and this was signed by one person. Further, there has not been a count prior to and after the relocation.
- Not all items are included in the inventory list. For example, equipment purchases recorded in the financial accounts were not included in the inventory list. There is no reconciliation performed between the financial accounts and the inventory list to ensure completeness.
- There are items yet to be disposed. The auditors’ visit to the warehouse noted items no longer needed (B3.1).
- Delegates did not sign the inventory list prior to their departure to ensure that all equipment has been transferred back to the Federation. Further, some IT equipment are still allocated to staff who have left.
- Inventory identification labels were not attached to all inventory items tested, and are not included for all items in the register. The auditors were informed that these labels detached during the Cluster Office move and yet to be replaced.

Agreed Action 27:
The Cluster Office agreed to:

a) Establish a standard inventory register system which is consistent for both office and IT equipment.
b) Perform physical inventory counts on a regular basis (e.g. every six months) which is documented with the signature of two persons to ensure they are complete and accurate.
c) Establish a system to ensure that all items over CHF500 (as per the IFRC Fixed Assets procedure) are included in the inventory list. This could include reconciling the inventory list with the relevant account code in the financial statements.
d) Review the items in the inventory list which should be disposed, and dispose items in accordance with the IFRC Fixed Assets procedure.
e) Ensure a clearance process to ensure that all IFRC items have been returned after staff departures (see C2.2).

Manager responsible for the action: Head of Country Cluster Office
Due Date: June 2017
Priority Rating: Low
## C5 INFORMATION SYSTEMS

### C5.1 IT management

**IT procurement**

The IT function provides technical guidance in relation to the procurement of IT related equipment. However, this is not occurring consistently and for example, the procurement of mobile phones did not include technical input from the IT function. Further, in a sample of IT procurement performed, the auditors were informed that the request for proposal was initiated by the IT function, and therefore, their role was not limited to technical advice.

**Backups**

A server is in the process of being installed and backups of computers are performed by individuals on external hard drives. However, the audit noted that this practice was not consistent among the staff interviewed. Further, backups for the staff in the sub-office in Bertoua are only performed when these staff visit the Yaoundé Cluster Office and therefore, backups may not be performed regularly.

### Agreed Action 28:

The Cluster Office agreed to:

- **a)** Strengthen coordination and communication with the logistics/procurement function regarding procurement of IT items. This should include a documented consultation with IT regarding technical requirements, with the procurement process managed by the logistics/procurement function.

- **b)** Provide tools (e.g. external hard-drives) for staff to back up their data (if this is not systematically backed up on a reliable server).

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

**Due Date:** June 2017

**Priority Rating:** Medium
PART III ANNEXES

ANNEX 1 - PRIORITY RATINGS

<table>
<thead>
<tr>
<th>Priority Rating</th>
<th>Priority Rating Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>High priority</td>
<td>The observations could have high material impact upon the achievement of objectives, and the weaknesses identified should be addressed urgently.</td>
</tr>
<tr>
<td>Medium priority</td>
<td>The observations could have significant or material impact on the achievement of objectives, and the weaknesses should be addressed promptly.</td>
</tr>
<tr>
<td>Low priority</td>
<td>The observations could have some impact on the achievement of objectives. There is scope for improvement by addressing any identified weaknesses promptly.</td>
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ANNEX 2 - ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>APPLE</td>
<td>appeal and pledge software</td>
</tr>
<tr>
<td>CAR</td>
<td>Central African Republic</td>
</tr>
<tr>
<td>CHF</td>
<td>Swiss francs</td>
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<tr>
<td>CODA</td>
<td>IFRC Secretariat Accounting System</td>
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<tr>
<td>DRC</td>
<td>Democratic Republic of Congo</td>
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<tr>
<td>DREF</td>
<td>Disaster Relief Emergency Fund</td>
</tr>
<tr>
<td>EUR</td>
<td>Euro</td>
</tr>
<tr>
<td>IFRC</td>
<td>International Federation of Red Cross and Red Crescent Societies</td>
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<tr>
<td>M&amp;E</td>
<td>monitoring and evaluation</td>
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<tr>
<td>MSR</td>
<td>minimum security requirements</td>
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<tr>
<td>OIAI</td>
<td>Office of Internal Audit and Investigations</td>
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<tr>
<td>OP</td>
<td>Operational plan</td>
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<tr>
<td>OR</td>
<td>Operational report</td>
</tr>
<tr>
<td>PMER</td>
<td>planning, monitoring, evaluation and reporting</td>
</tr>
<tr>
<td>SMART</td>
<td>Specific, measurable, achievable, realistic, time bound</td>
</tr>
<tr>
<td>XAF</td>
<td>Central African francs</td>
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