



Assurance review of Bangladesh Country Office – Cox's Bazar operation

Status: FINAL

Date: 10 October 2019

Assurance year: 2019

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1. Introduction

1.1. Area subject to review

1. This report covers our review of IFRC's population movement operation in Bangladesh and concentrates on the Sub-Office based in Cox's Bazar (PMO – population movement office). This review assesses control used to manage IFRC-funded programmes to ensure that country office and programme objectives are being met and risk is mitigated to within IFRC's risk appetite.
2. The report considers the wider context, including the work with the Host and Partner National Societies, the IFRC strategy, frameworks of controls, policies and procedures and their impact and relationship with local risk management in the context of Bangladesh.
3. A field visit was performed by us to some locations where the Red Cross movement partners have been implementing activities. We have visited projects linked to both the host community and the guest community, which included wash (waste management, water pumps, etc), health (hospital) and hygiene promotion activities. We appreciated the opportunity provided to interact with volunteers and with the people to whom we are aiding, and the opportunity to see, first-hand, the implementation of activities benefiting those in need.

1.2. International Federation of the Red Cross and Red Crescent Societies (IFRC) context

Background

4. Since 25 August 2017, extreme violence in Rakhine State, Myanmar, has driven over 727,000 people from Rakhine State across the border into Cox's Bazar, Bangladesh. The number of people from Rakhine inside Bangladesh remains fluid, as there is still a flow of population coming from Myanmar and other regional countries.
5. The situation is a protracted crisis, over 919,000 displaced people were living in makeshift camps and other sites. The situation is also a protection crisis, in that the protection needs of the displaced community are very high due to the extreme and systematic violence they have experienced. The community from Rakhine continues to rely heavily on aid for securing their basic needs.
6. The surrounding host communities have also been impacted heavily by the scale and length of the crisis. Considering the challenges faced by host communities, their needs, and with the view of the protracted nature of the crisis, IFRC's operation aimed to aid and support to the population living in surrounding areas of camps also.
7. The population lives in congested sites that impact all aspects of living and are ill-equipped to handle the monsoon rains and cyclone seasons, with alarmingly few and limited options for evacuation.

1.3. Rationale for the review

8. This scheduled audit is part of our *2019 Internal Audit Plan*, as approved by the Secretary General. This operation has not been subject to internal audit before. We have, however, performed an internal audit, in February 2018, to the cash programme activities in Bangladesh, but such activities were mostly related to the Emergency Floods operation.
9. This review was included in our 2019 plan due to the complexity and volume of activities for this protracted operation.

2. Scope of Audit

10. The review of the Cox's Bazar operation was part of the 2019 agreed internal audit plan.
11. The scope of the audit focus on the Population Movement Operation in Cox's Bazar location and includes a review of the following, with a risk-based approach used to prioritise the audit activities:

Oversight and Risk management:

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

Programmes and operations

- Programme management, planning, monitoring, evaluation and reporting systems.
- Logistics, procurement and fleet management.

Operations support

- Finance, including treasury, bank accounts and cash management, expenditure reviews, working advance management, accounting and reporting.
- Human resource management.
- Security (at Cox's Bazar).

Areas not covered by this audit

- The following areas will not be covered, due to our limited resources: legal risk management including contract management, resource mobilisation, integration services, administration, organisation and communication and IT. Nevertheless, if major issues related to those areas arise during our field visit, they will be addressed in our work accordingly.
12. The scope of internal audit includes reviewing the risks of fraud but does not include detecting and investigating fraud.

3. Review Findings

3.1. Good practice identified

13. We identified the following examples of good practice:
- Good procurement practices, such as detailed RFQ processes and procurement status update.
 - Good finance practices: the overall quality of supporting documentation, including appropriate authorisation and validation of financial transactions, was good.

Key issues and risks

14. Issues and risks identified are categorised according to their country and programme impact on IFRC.
15. We identified the following higher risk/risk factors issues in this review:
- A risk that programmes under-delivery and could face programme implementation delays.
 - A risk that HR management is not fully effective.
 - A risk of misstatement or fraud in supplier management.
 - A risk that poor quality of goods and services could be delivered.
 - A need for greater control in fleet management to reduce the risk of fraud and inefficient fleet management.

3.2. Summary IFRC management response

16. A Fraud and corruption risk management plan is at place. A task force has been formed to review and update this plan under the convenorship of Accountability Coordinator. Finance, HR, Logistics (Procurement, Fleet and warehouse) as well as sectoral lead along with security manager are part of that task force at PMO level which will deal with the risks outlined in the report. Staff are well oriented in fraud and corruption and have completed the mandatory online fraud awareness courses.
17. A quality control Standard Operating Procedure (SoP) has been developed and introduced in the operation.
18. A regular security advisory and close monitoring of situation plus engagement with civil military coordination are in place to strengthen staff safety and security as well as ensuring the humanitarian access to expedite the implementation process. Staffs are regularly orientated on staff safety as well as completed online course.
19. Most of the time delays are happening in relation to procurement. A yearly procurement plan is in place in order to avoid delays.
- It is important to understand that the IFRC works as a single office in Bangladesh under the Legal Status granted.

Additional comments from Under Secretary General.

The audit recommendations are very relevant and actionable, and the management response is appropriate.