



Assurance review of the Jordan Country Office

Status: FINAL

Date: 26 June 2019

Assurance year: 2018

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1. Introduction

1.1. Area subject to review

1. The purpose of this review is to provide management with feedback on the existing control environment and risk mitigation actions in the International Federation of the Red Cross (IFRC) Jordan Office in Amman. Our review involved assessing the controls and risks in areas in which the IFRC needs to work closely with the Jordan Red Crescent Society (JRCS).
2. The review considered the IFRC's internal policies and procedures, current programmes activities and local risk management environment.

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

3. The IFRC Office in Amman was initially established as the Middle East and North Africa (MENA) Regional Office until the Federation Secretariat made a strategic decision to move the regional presence to Beirut in January 2012. The office in Amman remained operational as a Country Office, supporting the Jordan Red Crescent National Society (JRCS), particularly when providing humanitarian assistance to displaced persons fleeing the escalated Syrian crisis that started in 2011.
4. The IFRC launched the Jordan Population Movement Emergency Appeal of CHF3.7 million in August 2012 to initially support 55,000 people. The appeal was revised upwards several times within the span of three years to support the increased needs of the growing number of displaced communities. The last appeal revision of CHF9.1 million was made in December 2015 to aid registered Syrian refugees in country and vulnerable Jordanian border communities.
5. The emergency appeal ended in June 2016, but support to the affected communities continued through the medium and long-term programmes described in the *IFRC's Operational Plan*. For 2018, the IFRC supported disaster risk reduction, livelihood and community-based health and first aid (CBHFA) programmes.

1.3. Rationale for the review

6. Our last internal audit of the Office was performed in March 2016. We included the Jordan Country Office in our 2018 internal audit plan due to significant funds received in support of the displaced Syrian population and vulnerable host communities.
7. Our internal audit was performed in November 2018 based on a preliminary risk assessment of events related to reputational, funding and fraud and corruption risk. The preliminary assessment serves as a baseline giving further rationale and direction for our terms of reference. Our review provided further analysis of the existence and level of risk in-country.

2. Scope of review

8. The review of the Jordan Country Office was part of the 2018 agreed internal audit plan. The scope covered operations in 2017 and 2018 (January 2017 to July 2018). The main objectives of the audit were as follows:
 - Review and assess the adequacy and effectiveness of the Office processes, systems and internal controls (including the review of segregation of duties, delegation of authority and risk management).
 - Appraise the economic and efficient use of resources and the safeguarding of assets.

- Assess compliance with local law, regulations and the Federation Secretariat's policies and procedures by the Country Office.
- Assess the reliability and integrity of financial and operational information, and the means to report such information.
- Follow-up on previous agreed audit recommendations (where applicable).

3. Review Findings

3.1. Good practice identified

9. We identified the following examples of good practice:

- The IFRC Country Office Finance Manager and IFRC MENA Finance Officer performed *Fraud and Corruption Prevention* training in Arabic in October 2018. It was the first to be fully conducted in the region.
- The Country Office and MENA Regional Office undertook joint efforts to review several key processes in areas of Planning, Monitoring, Evaluation and Reporting (PMER), procurement and logistics, and Project Partner Capacity (PPC). Outcomes from the review were shared with guidelines.
- The Office has developed a draft risk register. There was a joint consultation during the audit week for the Country Office to have the risk register reviewed, updated with action plans and to assign accountability.

3.2. Findings

Key issues and risks identified

10. The following key risk issues / risks were identified from this review:

- **Funding risks** – The Office has an overdependence on key funds and staff on loan from a limited number of donors increasing the risk of programme continuity. There can be a lack of clarity on the role of the country office when it comes to writing fund proposals and developing strategic donor relations, in coordination with the MENA Regional Office and with PRD colleagues at IFRC headquarters. There is a risk of unclear roles and discussions to optimise new funding opportunities.
- **Procurement process risks** – There are internal control gaps in procurement processes such as in the supplier qualification process, business communications with suppliers, insufficient specifications in requisitions, and delivery and procurement lead times.
- **Contractual risks** – We found anomalies in procurement contracts. The IFRC does not have framework agreements with regular suppliers and this has affected the Office's efficiency when processing files.
- **Human resource risks** – Key information on staff and recruitment were not all available in files increasing the risk of incomplete document retention, document security and handover during staff change.
- **Programmes management risks** – There is a risk of untimely completion of project activities because of lengthy project revisions and technical programme oversight. The lack of technical guidance and vetting processes when developing local programme guidelines and standard operating procedures (SOPs) put the programme at risk of not being delivered according to best practice and expected donor standards.

Other risks / issues identified

11. The following other risk issues / risks have been identified during the course of our review:
 - **Coordination between offices** – Certain technical oversight functions such as reporting, legal and security, are under resourced in the IFRC Office. In our view this requires greater coordination and support from MENA Regional Office and Geneva. There are risks of inefficiency when coordination between technical functions between the offices is not working effectively.

3.3. Follow up

12. Our last audit of the Jordan office was in March 2016. It was performed when the Partner National Societies (PNSs) had a larger presence in-country, implementing various programmes supporting the displaced Syrian population. Key risk issues highlighted during the last audit related to cash transfer programmes and coordination with PNSs are no longer relevant, since the programme has ended and departure of partners from the country. Programme funding issues remain, and these have increased in risk from medium to high.

3.4. Summary IFRC management response

13. The IFRC office in Jordan welcomes the report and appreciates efforts made in this audit, which comes timely to support all efforts made by the office over the last 24 months to look into issues of the last report and to fix gaps identified.
14. The IFRC office will focus on addressing issues identified by several other assessments and this internal audit. An action plan will be drafted, guided by the Regional Director and technical colleagues to address those gaps and these will be in the form of technical visits, intensive training and coaching.
15. IFRC office will revise our organizational development plan to ensure focus on the areas of high priorities namely administration, procurement and human resources. Resources in these areas will be appointed accordingly.
16. The IFRC Jordan Country Office made resources available to translate newly launched procurement manual and guidelines into Arabic. This document was shared with colleagues in Geneva, as part of the Office's contribution to this significant achievement.