



Assurance review of Sierra Leone Country Office

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1. Introduction

1.1. Area subject to review

1. This report covers our review of IFRC's presence in Sierra Leone and concentrates on the country office based in Freetown. This review assesses control used to manage of IFRC-funded programmes to ensure that country office 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 Sierra Leone Red Cross and other stakeholders, the IFRC strategy, frameworks of controls, policies and procedures and their impact and relationship with local risk management in the context of Sierra Leone.

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

Background

3. The Ebola Virus Disease (EVD) epidemic first occurred in West Africa and was the largest outbreak in terms of caseload and geographical spread. Sierra Leone, Liberia, and Guinea were heavily affected with the health emergency raising international concern and wider intervention. Today, while Sierra Leone is Ebola free, the effects of Ebola continue to impact survivors and victims' families.
4. The Ebola response operation necessitated a rapid and extensive scale-up of activities by Sierra Leone Red Cross Society (SLRCS), which was supported by Movement partners and other external donors. In response to the outbreak, the SLRCS had to expand its operations and so, to achieve this, SLRCS substantially increased its volunteer base, increased its number of staff, and acquired new assets. The rapid growth presented new challenges and risk.
5. An IFRC standard internal audit of expenditure related to the Ebola Virus Disease (EVD) response operation in 2015 discovered irregularities in the management of the Ebola funds. It was revealed that corrupt practices by individuals at the IFRC (the contract was immediately terminated) and some in-country service providers occurred through non-compliance of procurement and logistics procedures in Sierra Leone.
6. Following the above investigations, IFRC put into place a strengthened prevention framework to protect against fraud and corruption in high-risk operations. This framework established new checking and enforcement measures. It was recognised during the transition process in Sierra Leone that there was a need to improve accountability in order to regain the trust and confidence of partners and donors, and to strengthen the capacity of its financial management systems and operational procedures.
7. The current IFRC Head of Country Office joined the team in Sierra Leone in January 2018. There are 28 members of the IFRC team, of which six are employed as delegates (including the HoCO).

1.3. Rationale for the review

8. This scheduled audit was part of our *2018 Internal Audit Plan*, as approved by the Secretary General. The last internal audit of the Sierra Leone Country Office was issued in January 2016, linked to the Ebola operation.
9. The review was included, to ensure appropriate changes were made in internal controls following the loss identified in 2015 and to reduce security threats.



2. Scope of review

10. The review of the Sierra Leone Country Office was part of the 2018 agreed internal audit plan. The scope covered operations in 2017 and 2018 (November 2017 to October 2018).
11. The main objectives of the internal 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

12. We identified the following examples of good practice:
 - Good programme monitoring practices: there is an activity tracker and an indicators' tracking table, monitoring templates and monthly progress reports over the last six months.
 - Good procurement practices, such as an extensive supplier database, detailed quotation processes and procurement evaluation sheets with criteria.
 - Good financial practices: there is quality in the supporting documentation including appropriate authorisation and validation of financial transactions.
 - No vehicle road accidents for the last 12 months (a strongly positive indicator in the environment).

3.2. Findings

Key issues and risks identified

13. We identified the following key risk/issues factors in this review:
 - A risk that the transformation 2019 plans may not fully materialise.
 - A risk of overpayment of administrative costs.
 - A need to enhance the disposal of assets processes may not be performed according to expected standards.
 - A risk that the Floods and Landslide Emergency Appeal will not meet all implementation objective.
 - Security and safety concerns may require additional management and oversight.
 - The risk of Ineffective supplier invoice management and reconciliation of cheques/payments.
 - The risk of irregularities in procurement processes.
 - Warehouse management practices requiring review and enhancement.

Other risks / issues identified

14. Other risks have been identified during our review. For some of them immediate actions were taken (for example, security and fraud and corruption training completion, and other administrative, financial or logistics minor issues resolved).

3.3. Follow up

15. Our 2015 internal audit was performed under a different context and delegation design (the Ebola response), so its comparative use is limited to the working environment at the time of audit.

3.4. Summary IFRC management response

16. IFRC operates in Sierra Leone in the context of the post Ebola integrity crisis. Significant strides have been made, including a revamped governance and management structures, a crosscutting Transformation Plan, and the holding of development assessments in 2018 marked positive steps forward. These are, however, early days in the recovery process and more progress remains.
17. Many of the risks identified by this audit reflect the need to support the capacity, systems, structures, and policies, particularly as the need for a robust IFRC presence in country has diminished now that the country became Ebola free and certain other Emergency Appeals are in the process of being closed. Funding for the office is therefore limited. Transformation Plans will need to focus on technical capacity building to strengthen knowledge.
18. IFRC Country Office has initiated a living and working conditions review which will be followed by a fresh Country Security and Health Assessment.
19. The IFRC Office shall ensure payments are being matched to invoices monthly and invoices are being booked immediately while making efforts to address old supplier issues and outstanding cheques which are a legacy of the past.
20. There is now a separation of SLRCS and IFRC's procurement processes with IFRC having its own Committee on Contracts Chairman for IFRC procurements. A fresh Warehouse Management Plan of Action has been developed which incorporates resolving all gaps and issues that have been identified.

Additional comments from Under Secretary General, Programmes

21. Overall, I have found that the Head of Country Office has already started taking actions to address the issues raised in the internal audit.