



International Federation
of Red Cross and Red Crescent Societies

OFFICE OF INTERNAL AUDIT
AND INVESTIGATIONS

INTERNAL AUDIT OF THE AFRICA WEST COAST COUNTRY CLUSTER
REPORT NO. IA-2018-08

AUDIT PERFORMED: APRIL 2018

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PART I INTRODUCTION & EXECUTIVE SUMMARY

1. BACKGROUND AND CONTEXT

The West Coast Country Office (the Office) of the International Federation of Red Cross and Red Crescent Societies (IFRC) is in Abuja, Nigeria. There are also two sub-offices based in Yola and Damaturu to support the humanitarian crises in the North-East of Nigeria. The Office has an oversight role over IFRC funded programmes being implemented in the National Societies of Nigeria, Benin, Togo, Ghana, Côte d'Ivoire, Liberia and is part of the Africa Region.

The West Coast Country Office Operational Plan for 2018 is budgeted for CHF4.9 million to support focus areas on disaster risk reduction; shelter; migration; health; water and sanitation; livelihood; protection, gender and inclusion. The main appeal of the Office is the Nigeria Complex Crisis in the North East with operational budget of CHF10.4 million.

At the time of the audit, the Office employed 36 national and 13 international staff working in Nigeria and two staff working in Ghana. The last internal audit of the Office was performed by the Office of Internal Audit and Investigations (OIAI) at the end of May 2016 and early June 2016. This internal audit was performed in April 2018 and was part of our *2018 Internal Audit Plan* as approved by the Secretary General.

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 (for example reputation and branding) assets.
- d) *Reporting*: To assess the reliability and integrity of financial and operational information, and the means to report such information.
- e) *Compliance*: To assess the compliance with relevant laws, regulations and the Federation Secretariat's policies and procedures.

3. SCOPE AND METHODOLOGY

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

A) *Oversight and Risk management*

- Risk management (including the process to identify, assess and manage risk), governance and oversight.
- Coordination and organisation 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 mobilisation, pledge management, and partnerships.
- Logistics, procurement and fleet management.
- Security management.

C) Operations management

- 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.

The conclusions of our 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. EXECUTIVE SUMMARY

4.1 Conclusion

There were control weaknesses in areas related to coordination with stakeholders such as with donors, various operations management issues in country with partners and within the IFRC Office that have an overall impact in the Office's effectiveness and asset safeguarding. The controls evaluated are unlikely to provide reasonable assurance that risks are being effectively managed by this Office.

4.2 Summary of recommendations

The recommendations by section including the priority levels are summarised below:

SECTION	Recommendations		
	High Priority	Medium Priority	Low Priority
A OVERSIGHT AND RISK MANAGEMENT			-
A1 Risk management, oversight and monitoring	-	1	-
A2 Organisation, coordination and communication	1	1	-
A3 Legal & supplementary services	-	1	-
B PROGRAMME AND PARTNERSHIPS MANAGEMENT	-		-
B1 Programming, planning, monitoring, evaluation, and reporting	-	2	-
B2 Resource development and Partnerships management	-	2	-
B3 Logistics, procurement and fleet	-	2	-
B4 Security	-	-	-
C OPERATIONS MANAGEMENT			
C1 Finance	4	1	-
C2 Human resources	1	2	1
C3 Administration	-	2	-
C4 Assets and inventory	-	1	-
C5 Information systems	-	1	-
TOTAL AUDIT RECOMMENDATIONS	6	16	1

4.2 Summary of key findings

Areas for improvement

Recommendations which had a primary risk relating to the audit objectives of effectiveness, efficiency, safeguarding of assets, and reporting (see Annex 3) are summarised below.

	Audit objectives	High Priority	Medium Priority	Low Priority	Total
a)	Effectiveness	3	4	-	7
b)	Efficiency	-	7	1	8
c)	Asset Safeguarding	2	5	-	7
d)	Reporting	1	-	-	1
	Total	6	16	1	23

The summary of recommendations related to the main areas for improvement (project management, human resources and finance) are listed below:

- A review on the global *Funding Modality Agreement* should be performed, focusing on the funding and coordination mechanisms.
- Contract reviewers must ensure that important terms and conditions are documented in the e-contract database.
- The current vacant finance positions in the IFRC office should be filled in immediately to ensure adequate capacity of the Finance function.
- All procurement above CHF 1,000 should be recorded in the accounts payable sub-ledger, using supplier codes. Perform regular analysis and highlight cases of non-compliance to management.
- In coordination with the National Society (NS) Development Unit, develop a clear action plan to build up the financial management and reporting capacity of the NSs in the region. Priority should be given to NSs involved in large scale operations.
- Perform an ageing analysis of the working advance balances at each month end and inform the respective Project Managers of any overdue balance. Monthly reconciliations of outstanding working advance balances are performed, to ensure balances remain low and acceptable.
- Working advances are issued, accounted for and reported in CHF, as per IFRC procedures. Working advance balances in other currencies should be cleared and the respective accounts closed. Furthermore, copies of the bank statements should be systematically obtained and attached to support the currency conversions.
- Map the withholding taxation conditions of VAT exemption status with the relevant Ministries.
- Project related costs should be paid via transfers to the National Society whilst working advances to delegates and staff should be exclusively used to cover general travel and administration expenses, as per the procedure.
- Ceilings and criteria for the issue of working advances should be established. This should include to limit the issue of cash and seek bank transfers as an alternative with regards to project and other travel related costs.

- Monitoring process is established to ensure that project managers timely deliver their forecast (cash requests) on a project needs basis. The Finance Unit, when performing due diligence checks, should advise the budget holders to include other expected cash flows in their forecast.
- A review of the National Staff Regulations for Nigeria is done. Local labour law requirements and employment standards are embedded, or referred to, in the revision.
- National staff salary scale is up to date in coordination with the Africa Regional Human Resources unit in Nairobi. The salary scale is benchmarked on a regular basis with similar organisations working in country, to improve competitiveness in the labour market.

PART II DETAILED OBSERVATIONS & RECOMMENDATIONS

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SECTION A – OVERSIGHT AND RISK MANAGEMENT

A1	RISK MANAGEMENT, OVERSIGHT AND MONITORING
A1.1	<p>Risk management</p> <p>A risk register and corresponding risk mitigation action plans for the West Coast Country Cluster Office has yet to be developed.</p> <p>The Office has identified two high risks, two medium risks and one low risk in the <i>2018 Operational Plan</i>. There is no documented evidence that action plans for these risks are being monitored. The lack of a systematic and continued review potentially leads to new risks or risk changes not being documented, effectively managed and could adversely impact the Office objectives as defined in the plan.</p> <p>Risk(s): Ineffectiveness; partnerships/reputation Cause(s): Resources/capacity; oversight/guidance</p> <p>Recommendation 1:</p> <p>Develop a West Coast Country Cluster risk register, establish a system to monitor the status of the agreed action plans to mitigate the risks and update the register once every year at a minimum.</p> <p>Management Action Plan:</p> <p>Agreed. Creation of a risk register is already in progress</p> <p>Risk Owner: Head of Cluster</p> <p>Due Date: December 2018 Priority Rating: Medium</p>

A2	Organisation, coordination and communication
A2.1	<p>Organisation</p> <p><u>Organisation and delivery of the operational plans for each country</u></p> <p>The West Coast Country Cluster has an oversight role over IFRC funded programmes being implemented in the National Societies of Nigeria, Benin, Togo, Ghana, Côte d'Ivoire and as of 30 June 2018, Liberia. IFRC is present with an office in Abuja. Further technical support and guidance (for example, health, water and sanitation and shelter) is provided centrally by the Africa Regional office (referred to as the 'matrix management approach').</p> <p>IFRC have received higher thematic programmes funding for the West Coast Country Cluster itself and Ghana to fund programmes such as health and care, disaster management and WatSan. A smaller IFRC annual programme budget is in place for Côte d'Ivoire and Togo. The limited thematic programme resources could impact delivery of West Coast Country Cluster operational plans that aim to support and develop all five National Societies in the region.</p> <p><u>Staff vacancies</u></p> <p>At the time of the audit in April 2018, 17 positions were still vacant, with 4 vacancies for the Nigeria Complex Crisis in the North-East operations, and 13 vacancies for the Office's support services function in finance, PMER and administration. Key positions such as the Finance and Administration Delegate, PMER Officer and North-East Programme staff were undergoing the recruitment process.</p>

The following key risk observations were noted:

- Recruitment for positions in the North-East Operations when the appeal is expected to end in October 2018 (with a possible extension to December 2018) means that opened positions are only for short-term contracts of six months or less. We were informed that there had been situations where selected candidates had declined offers due to the position being short-term. This puts the operation's objectives at risk by not having the positions filled in time.
- The human resource plan for 2018, includes a high dependency on the North East operation for critical cluster positions in finance, human resources and PMER. Though the majority of their time is spent on the North East Operation, as the biggest operation of the North East, this dependency for critical cluster positions on only one operation is a risk.
- The plans to provide an adequate level of human resource to meet the increased demand in the North-East Operations in 2017, as well as managed the multiple Health grant and DRR disaster risk reduction programmes were not completed on time, leading to a limited number of staff supporting large projects. In addition, over the course of 2017, several key staff fell ill including the PMER/PRD delegate, the Finance and Administration delegate, and the Security delegate. There were multiple staff turnovers especially in the NE operation with long recruitment periods. Adequate risk mitigations were not put in place. This impacted several key functions including Finance and Administration and PMER

Risk(s): Partnership; inefficiency

Cause(s): Resources/capacity

Recommendation 2:

- a) Perform an updated review of the current organisational structure and set-up for the West Africa Country Cluster, including budget estimates and an analysis of support and administration versus programme and operational cost. The review should encompass all departments and the rationale for budget allocation by programme and country should be explained, documented and reflective of current and potential funding streams and operational plans to fully support all 5 National Societies.
- b) The structure and set up review should also consider streamlining roles and job descriptions at all levels to ensure the matrix management approach is fully employed for the Cluster.

Management Action Plan:

Agree with the recommendations. This planning for year 2019 is in progress. We have yet to finalise the priorities for the Cluster office because the organisational structure will be totally dependent on strategy for year 2019 onwards.

Risk Owner: Head of Cluster and Human Resource Delegate

Due Date: December 2018

Priority Rating: Medium

A2.2 Coordination and communication

The *Funding Modality Agreement* established in September 2016 is the key document underpinning the One International Appeal initiative. The aim is to work in a coordinated and coherent manner by streamlining the fundraising process.

It is acknowledged that this is the first formal coordination effort under the One International Appeal, however, there are continuing programmatic risks and contractual issues that need to be jointly reviewed.

Risk(s): Ineffectiveness; inefficiency.

Cause(s): Oversight/guidance

Recommendation 3:

- a) Propose to the Secretariat in Geneva a joint review on the global *Funding Modality Agreement* covering the future impact on the West Coast Country Cluster. The review should include feedback from technical teams in Geneva, as well as Operation Teams in the Regional Office, with the aim to improve and confirm the working modality between the parties.
- b) Contract reviewers when signing off agreements and annexes should ensure that important terms and conditions are documented in the e-contract database for programmes related to the West Coast Country Cluster. The contract initiator communicates and explains the final and completed document to all partners to ensure the same level of understanding of the terms and conditions.

Management Action Plan:

Agreed with both recommendations. Recommendations a) has already been implemented.

Risk Owner: Head of Cluster

Due Date: December 2018

Priority Rating: High

A3	Legal and supplementary services
<p>A3.1 Contract management</p> <p><u>Contract approvals</u></p> <p>The West Coast Country Cluster team started using the e-contract system in April 2016 to initiate, review and approve contracts. We found that service and lease agreements were still using non-standard terms and conditions and were not sent for technical validation from the IFRC Legal Advisor in the Africa Regional Office.</p> <p>Due diligence checks performed by contract reviewers when preparing and signing off agreements were insufficient. Reviewers missed the need to negotiate important terms and conditions in contracts. For instance, the Office required a hotel credit facility and waiver of deposits as a pre-requisite, but these conditions were not considered or documented for negotiation prior to contract discussion and sign-off. The Office had assumed that these credit facilities were in place with the contracted hotels, yet the terms were not included in the contracts and therefore credit was not provided.</p> <p><u>Agreements with National Society</u></p> <p>The <i>Project Cooperation and Funding Agreement for the Nigeria Complex Crisis in the North-East</i> operations between the IFRC and the National Society was signed in March 2018. This agreement sets out the working and funding modalities between the two parties.</p> <p>The <i>Movement Coordination Agreement</i> expired on 31 December 2017, and is being extended by the movement platform meeting until a new version is in place. At the time of the audit, the <i>Movement Coordination Agreement</i> was still in a final draft. The IFRC Working Advance manual states that a finalised <i>Movement Coordination Agreement</i> is a legal requirement to all project agreements and working advances issued to the National Society.</p> <p>Risk(s): Legal liabilities; partnerships/reputation Cause(s): Compliance</p>	
<p>Recommendation 4:</p> <ol style="list-style-type: none"> a) Perform a review of the non-standard contracts with the IFRC Legal Advisor, to ensure that IFRC interests are protected in the contract renewal process. 	

- b) Appoint a focal person to list all agreements that have been initiated from the West Africa Country Cluster and review the current status (active, expired or due to expire). Once the list is confirmed, upload all current contracts into the e-contracts database and develop a timeframe to flag contract reviews before reaching the renewal date.
- c) Staff involved in the contract management process (the contract initiator and approvers) should refresh their knowledge of IFRC legal guidelines to ensure compliance with IFRC standards in contract management.

Management Action Plan:

Agree with the recommendations.

Risk Owner: Head of Cluster

Due Date: December 2018

Priority Rating: Medium

SECTION B – PROGRAMME AND PARTNERSHIP MANAGEMENT

B1	Programming, planning, monitoring, evaluation and reporting
<p>B1.1 Project management</p> <p>One of the challenges in 2017 for the West Africa Country Cluster was the absence of quality financial reporting to enable robust real-time monitoring by the Programme Manager on expenditure, unspent balances and commitments. As a result, forecasts based on agreed plans for 2017 and actual expenditures were not timeously communicated to donors when requested.</p> <p>Our review of programme management noted the Programme Manager's over-reliance on the Finance team for project budgeting and management. Newly recruited staff had received a finance briefing as part of the induction process, but had yet to complete structured training, such as finance budget holder training and Project, Programme, Planning (PPP) e-learning courses to develop their knowledge and skills on programme management.</p> <p>Risk(s): Ineffectiveness; inefficiency Cause(s): Oversight/guidance; resources/capacity</p>	
<p>Recommendation 5:</p> <p>Establish structured training plans for programme managers on IFRC programme management (such as PPP e-learning) and programme manager financial management. A refresher training on finance related matters is performed on a periodic basis.</p> <p>Management Action Plan: Agree with the recommendations.</p> <p>Risk Owner: Programme Managers Due Date: December 2018</p> <p style="text-align: right;">Priority Rating: Medium</p>	
<p>B1.2 Planning, monitoring, evaluation and reporting</p> <p><u>Reporting process</u></p> <p>The following points were found when we reviewed operational reporting:</p> <ul style="list-style-type: none"> The <i>Preliminary Emergency Plan of Action</i> issued on 26 April 2017 was only published on Fednet on 9 December 2017. 	

- Emergency operation updates for the Nigeria Complex Crisis in the North-East have not been performed since the launch in April 2017. At least two operation updates at 6 months and 12 months is required.
- The standard interim report was due on 20 August 2017 but was uploaded onto Fednet on 24 November 2017. On 19 August 2017, the Africa Regional Office shared the final draft report with Geneva teams for review, aiming to have it published on the IFRC Fednet website by 21 August. Causes for the delays were due to financial reporting not being finalised on time, late input from partners, and the lengthy approval and validation process by the Africa Regional Office and Geneva Secretariat.

The lack of adequate and timely information impacts oversight of operational activities, implementation and reporting and could lead to objectives not being met and risks of decrease in potential donor funding.

PMER function

The previous PMER delegate was overseeing the resource development, partnership management and grants management for the Cluster Office. The Office is recruiting a PMER Officer, but the vacancy is unlikely to be filled in the forthcoming months due to the salary package.

The Cluster Office's Development Plan for 2018 aims to have the PMER support National Society development in monitoring, evaluation and learning frameworks. In discussions, the aim was to separate the role of PMER from the resource development and partnership development to enable focus on each of these areas. The current inadequacy of human resources in PMER with clearly defined roles and responsibilities may lead report delays and National Society capacity development initiatives not being met.

Risk(s): Ineffectiveness; Partnership/Reputation

Cause(s): Resources/Capacity

Recommendation 6:

- Develop a system to help programme staff plan and manage data collection to monitor programme indicators. This includes a session on financial management reporting guidelines and processes for the various types of reporting (operational plan, emergency operations reporting, and pledge-based reporting) in the programme management training plans.
- Assess the recruitment and funding of a skilled PMER capacity to ensure that it sufficient to support the Cluster Office development plans.

Management Action Plan:

Agreed. Recommendation a) and b) is already implemented.

Risk Owner: Head of Cluster

Due Date: October 2018

Priority Rating: Medium

B2	Resource development and partnerships management
<p>B2.1 Resource development</p> <p>The West Africa Country Cluster Office maintains a funding plan to monitor existing sources of funds for all locations covered. Cost support is mainly dependent on regular donors and is limited for other sources of funding.</p> <p>A resource mobilisation strategy is yet to be developed and documented to optimise funding opportunities that are available in the countries overseen by the Cluster team. This includes developing a potential funding tracking sheet to record opportunities and progress on funding enquiries, for example, negotiations and proposals with various donors.</p> <p>Risk(s): Ineffectiveness; partnership/reputation Cause(s): Resources/Capacity</p>	

Recommendation 7:

A fundraising action plan is developed in coordination with Senior Management, Finance, budget holders, programme managers (those based in Abuja and other offices) to optimise funding opportunities. The funding plans, once established, should be jointly reviewed and updated on a periodic basis to track funding situation, and to develop action plans on any income gaps.

Management Action Plan:

Agreed. The plan has been initiated.

Risk Owner: Partnership and Resource Development Manager

Due Date: February 2019

Priority Rating: Medium

B2.2 Pledge management

The Office currently has one staff member who oversees the portfolio of resource development, partnership management and national society development for the Cluster this person also had to fill in gaps in health programme management. In 2017, this portfolio was handled by PMER delegate, who also oversees the overall project management (planning, monitoring, evaluation and reporting). Overstretched human resources could lead to delays in follow up on donor reporting and monitoring of pledge conditions.

Risk(s): Partnership/reputation; ineffectiveness

Cause(s): Resources/capacity

Recommendation 8:

Assess the possibility of recruiting a skilled resource mobiliser to support the resource mobilisation strategy. Roles and responsibilities in relation to resource mobilisation, including income and pledge management, should be reviewed and updated to improve oversight.

Management Action Plan:

Agree with the recommendations.

Risk Owner: Partnership and Resource Development Manager

Due Date: February 2019

Priority Rating: Medium

B3	Logistics, procurement and fleet
<p>B3.1 Procurement</p> <p>This section is focused on procurement performed by the West Coast Country Cluster. A sample of 15 purchases from January 2017 to February 2018 was reviewed for a range of products and services including construction materials, non-food items, office equipment, delegates' housing furniture, vehicle spare parts, printing, medical equipment and conference and workshops. Recent procurement files, completed after August 2017, were generally satisfactory. However, the following issues were noted for earlier files:</p> <p><u>Sourcing</u></p> <p>The Global Logistics department has established a pre-qualification process for suppliers to be registered for IFRC procurement. Suppliers are requested to submit official documentation for verification, such as business registration, tax clearance and financial statements, before their inclusion on the supplier database. According to the IFRC Procurement Manual, once potential suppliers have been identified, a market analysis of the goods or services should be carried out, especially when sourcing goods in remote areas with limited availability of suppliers. Key reviews were not performed, such as price benchmarking or comparison of source price versus retail price on items purchased for the operation (construction materials in the North-East states of Nigeria). Furthermore, a supplier evaluation process is yet to be developed to ensure the supplier database is up to date and performance is monitored.</p> <p><u>Procurement documentation</u></p> <p>There was a lack of compliance to IFRC procedures on logistics requisitions, request for quotations, comparative bid analysis, purchase orders and on goods received notes.</p> <p><u>Use of exceptions</u></p> <p>We found two instances of exceptions being granted where the full procurement process was not applied, the reasoning being the security context and also availability of products in the market, which led to new procurement risks that were not fully controlled.</p> <p>Risk(s): Inefficiency; fraud/misuse. Cause(s): Compliance; oversight/guidance.</p>	
<p>Recommendation 9:</p> <p>Ensure the West Africa Country Cluster undertakes best procurement practices and receives value for money by taking the following actions:</p> <ol style="list-style-type: none"> a) Improve the pre-qualification process by including key verification checks on suppliers, such as technical suitability, quality certification, financial stability, references and reputation, liability insurance and Health Safety and Environment (HSE) certification and ensure the relationship is free from conflict of interest. Using <i>IFRC Procurement Manual</i> guidance, complete the pre-qualification process with a market analysis on regular procured items and develop a systematic supplier assessment process. b) Develop a review checklist to ensure completeness and quality of the documentation to support procurement processes. This should include retaining relevant and accurate information in the procurement documentation: <ul style="list-style-type: none"> • Dates are accurate, and signatures confirm the management trail. • RFQs contain a clear list of requirements enabling suppliers to comply with the tender process. • Improve the CBA process by ensuring that information reported in the CBA are correct and that the choice of supplier is made based on sound and documented evaluation criteria. c) A procurement plan that includes programme related procurement is established to monitor lead time on key procurement processes such as requisition, bidding and delivery of goods and services. The procurement plan is discussed in weekly programme meetings to reduce the use on exception notes for not following procurement 	

procedures. Exception notes should only be used to document any residual risks that still exists after procurement procedures have been complied and it should only be approved by the Head of Global Logistics.

- d) Establish a performance review on suppliers where all non-compliance to tenders or breach of contract are documented.

Management Action Plan:

Agree with the recommendations. Item a), b), and c) are already under implementation

Additional measures shall be taken enabling us to comply with the recommendations provided:

1. The lack of complete documentation in most cases is because there was no logistics or procurement person for the cluster. A key recommendation that needs to be included is that the cluster must maintain a procurement or logistics staff either at delegate level or national staff level who will be accountable to ensure procurement processes are conducted according to the procedures.
2. The FACT Team and specifically the FACT Logistics Team are properly briefed on procedural compliance.

Risk Owner: Head of Logistics and Procurement

Due Date: December 2018

Priority Rating: Medium

B3.3 Vehicle management (including fuel and maintenance)

The West Africa Country Cluster fleet team is composed of a Logistics Delegate, a Fleet Dispatcher, both based in Abuja, and 20 drivers; 4 in Abuja, 8 in Yola and 8 in Damaturu. At the time of the audit, recruitments were ongoing for 4 additional drivers to be based in Abuja. The team maintains a fleet of 21 vehicles, with 7 vehicles parked in the three locations. We noted the following observations:

Vehicle Policy

A *Vehicle Policy* was in place as per the findings of the previous internal audit in June 2016. However, this document was not handed over to the current logistics team and therefore lost, resulting in the Logistics Delegate and the Fleet Dispatcher not being informed of the specific rules already established by the *Vehicle Policy*.

Our last internal audit noted non-compliance regarding mileage tracking and reimbursement by staff for private use of IFRC vehicles. This is still the case in 2018.

The lack of review of the *Vehicle Policy* creates the risk that fleet processes are outdated and unsuitable for the Cluster Office, in terms of security environment, programme needs, fleet size and staffing.

Dispatch planning in Abuja

A fleet dispatcher position has been created in December 2017 to better respond to the increasing need of transportation in Abuja. The new Fleet Dispatcher is managing a team of four drivers and seven vehicles. The assignment of drivers and vehicles for transportation in Abuja has been conducted mostly on demand, except for pre-booked transportations, such as field trips or airport pick-ups and drop-offs. A sound communication system has not yet been developed for the Fleet Dispatcher to efficiently manage transportation needs based on operational priorities and the availability of drivers. Further, a system is not established to ensure vehicle optimisation based on analysis of mileage, condition and age.

Duty driver system

In line with the Fleet Manual, the *Security Regulations for the Country Cluster* also highlight that drivers should be used by default and delegates should not drive, unless all alternatives have been considered and no secure means of transportation is available. In respect to these requirements and when needs were justified, drivers were assigned after office hours or during weekends. Overtime assignments, however, were not monitored on a rotational basis to ensure balance of work among the drivers. Insufficient rest time between assignments could lead to overworked drivers and security risks.

<p>Risk(s): Inefficiency; security/safety Cause(s): Oversight/guidance; compliance</p>
<p>Recommendation 10:</p> <ol style="list-style-type: none"> Ensure that the West Africa Country Cluster logistics team receives the Vehicle Policy and that staff are aware of the Vehicle Policy content. Review the Vehicle Policy, using the Fleet Manual as guidance, to ensure that rules are suitable to the current environment and programme needs of the Cluster Office. This should include reflection and amendments where necessary, especially on the private usage versus duty driver system. Establish regular communication mechanisms on project activities between the different departments to enable better assessment of fleet dispatch and allocation of vehicles based on priority. Vehicles and drivers are efficiently used on a rotational basis. <p>Management Action Plan:</p> <p>Agree on points a) and b). Delegation agrees to review the driver roster for extra hours ensuring that they do not exceed their working hours causing them to be overworked.</p> <p>The transport request forms are submitted in advance allowing for the dispatcher to forecast the vehicle requirements however there will always be last minute requests for urgent meetings which will have to be accommodated and cannot be forecasted in advance. Major trips as mentioned in your comments are properly planned.</p> <p>Risk Owner: Head of Country Cluster and Head of Logistics and Procurement</p> <p>Due Date: December 2018 Priority Rating: Medium</p>

SECTION C – OPERATIONS SUPPORT

C1	Finance
<p>C1.1 Financial management and oversight</p> <p><u>Vacancies of finance positions</u></p> <p>The current Finance and Administration Unit at the West Africa Country Cluster Office is composed of 14 positions; 10 in the Finance function and 4 in the Administration function. Among the 10 finance positions, 6 positions were vacant at the time of the audit. The vacancies included 2 Senior Finance Officers; 1 for the Cluster and 1 for the North-East Complex Crisis, and most importantly, the Finance and Administration Delegate position which was meant to provide a complete oversight on both the Cluster and Emergency programmes.</p> <p>A roving Finance Delegate from the Africa Regional Office was deployed as surge on an interim basis to support the extra workload. The lack of staff in the Finance team and the absence of a Finance Manager overseeing the overall framework could result in insufficient quality reviews and inconsistent support to the countries under the Cluster. This could further lead to inadequate segregation of duties, overworked staff and in the long run, impact the quality of financial reporting.</p> <p><u>Accounts payable</u></p> <p>The IFRC Finance Department has developed an accounting process designed to ensure transparency of accounts payable, outstanding debts and the matching principle (identification of the supplier, the invoice and goods receipt which leads to the eventual authorised payment).</p> <p>The Cluster Office has implemented the procedure, but the supplier accounts were not consistently used. We were informed that accruals are being used in place of supplier credit accounts .</p>	

The ineffective use of supplier accounts could result in inaccuracy or incompleteness of liabilities, in payments not being properly monitored, expenses not recorded in the month they are incurred and could increase the risk of error or fraud.

Risk(s): Inaccurate/late reporting; fraud/misuse.

Cause(s): Resources/Capacity; compliance.

Recommendation 11:

- a) Expedite the recruitments of vacant Finance positions to ensure adequate capacity of the West Africa Country Cluster Finance function. Prioritisation of recruitment should be based on strategic reflection on the financial support needs at the Cluster.
- b) Record all procurement above CHF 1,000 in the accounts payable sub-ledger, using supplier codes. Before issuing a Purchase Order, the procurement officer confirms with the Finance Department that the supplier is registered in the supplier master data. Perform regular analysis of bank transactions booked onto the finance system and highlight cases of non-compliance to management.

Management Action Plan:

Agreed. Both recommendations are being implemented.

We are in the process of reviewing invoice processing SoPs to apply recommendations by compliance dept that all invoices must be received in Finance supplier credit account transactions to be recorded.

Accounts now available for all supplies above CHF 1,000 and regular suppliers.

Risk Owner: Head of Country Cluster and Head of Finance and Administration

Due Date: October 2018

Priority Rating: High

C1.2 Partner Working Advances National Societies (WANS) and cash transfers

The Cluster Office supports five National Societies, all operating on a working advance financing modality. The following was noted:

Working advance threshold

Working advances are being issued in respect of a *Bilateral Project Co-operation and Funding Agreement*,

The modality includes a threshold per working advance transfer and a clearance of 80% of the previous balance before any new issue of working advance. Since the beginning of the operation in April 2017, only one working advance has been transferred in October 2017 to the NRCS. Resulting expenditure was reported after 5 months in March 2018. The expenses included the 2017 rent, various stationeries from November 2017 and staff salaries for May 2017. In addition to the submission of outdated expenses, it was noted that the funds were not used for project implementation but development costs.

The purposes of WANS are to provide cash to implement IFRC projects under their direct management, and only contribute to the development of financial management and reporting capacities if authorised by both partners. The lack of an agreed development action plan having a direct and adverse impact on the implementation of the most important operation in terms of materiality and is also the most sensitive operation in the region in terms of complexity.

Working advances overdue balances

At the end of February 2018, the Cluster balance sheet showed overdue working advances of more than 3 months. This includes 4 dormant accounts reported in local currencies. One working advance reported 12 months of office costs and was late by 6 months.

WANS currency

As per the IFRC Banking and Currency procedure, working advances are supposed to be paid in CHF by the IFRC to the local currency bank account of the National Societies (NS) and the reporting currency in the CHF equivalent. Documents submitted by the NS found that the exchange rates were handwritten, and bank statements were not attached to support the currency conversion. The lack of credible exchange rate information increased the risk of inaccuracies in financial reporting.

WANS Value Added Tax

The mapping of VAT exemption of NS has not been performed. Therefore, it could not be determined whether expenditure claims made by NS should be exclusive of VAT. In one case, it was noted that VAT costs have been paid while the taxation exemption was mentioned in the service agreement.

Risk(s): Partnerships/reputation; ineffectiveness; inaccurate/late reporting.

Cause(s): Oversight/guidance; compliance.

Recommendation 12:

- a) The West Coast Country Cluster coordinate with the National Society (NS) Development Units to develop a clear action plan to build up the financial management and reporting capacity of all the relevant NSs. This should include a special focus on NSs involved in large scale operations.
- b) Perform an ageing analysis of the WANS balances at each month end and inform the respective Project Managers of any overdue balance. Monthly reconciliations of outstanding working advance balances are performed to ensure balances remain low and acceptable. Project managers shall discuss reasons for late reporting and agree on a new deadline. If the new deadline is not met, the Head of Country Cluster shall approach Senior Management to discuss and resolve the matter.
- c) Ensure that any new working advance are issued, accounted for and reported in CHF, as per IFRC procedures. Working advance balances in other currencies should be justified or the respective accounts closed. Copies of bank statements are systematically obtained and attached to support the currency conversion.
- d) Verify and perform a mapping of the withholding taxation conditions of VAT exemption status with the relevant Ministries, in consultation with a legal counsel who can advise on taxation related issues. Payments should be made against agreed contracts and apply the correct taxation rates.

Management Action Plan:

Agree with the recommendations. The recommendations are being implemented.

Regular follow up with management on outstanding advances is currently ongoing to resolve old issues and ensure adherence to the laid down procedures

Risk Owner: Head of Country Cluster and Head of Finance and Administration

Due Date: December 2018

Priority Rating: High

C1.3 Staff working advances

Based on the working advance to delegates (WAD) procedure, funds operated via the WAD modality are issued under the control of the Head of Country Office and are intended to be used for general administration expenses to help operate a field office. This is opposed to the use of general working advances to partner institutions referred to as WANS, which are generated for project needs and supported by project agreements. We found WADs being used instead of WANS supported by an underlying project agreement. .

There is no documented assessment and decision paper approved by Management on WAD ceilings and clear criteria for the further issuance of WAD.

Issues and inconsistencies were noted on supporting documentation of WAD related to *per diem* distribution.

Risk(s): Ineffectiveness; fraud/misuse; inaccurate/late reporting.

Cause(s): Compliance; Oversight/Guidance.

Recommendation 13:

- a) West Coast Country Cluster project managers should monitor and reject WAD requests when WANS should be issued instead. All projects costs should be paid via WANS, whilst WADs are dedicated to general administration expenses as per the procedure.
- b) Establish clear ceilings and criteria for the issue of WAD. This should include to limit the issue of WAD in cash and seek bank transfers as an alternative with regards to travel expenses, such as hotels and travel agencies.

Management Action Plan:

Agree with the recommendations. The West Coast cluster office notes the various risks and challenges associated with advancing IFRC staff with working advances. The WC Management is working on various options which will minimise the risk to our staff. This includes but not limited to payment of volunteers by IFRC through direct bank transfer from Abuja. Other options are also being tried and tested.

Risk Owner: Project Managers and Head of Finance and Administration

Due Date: December 2018

Priority Rating: High

C1.4 Cash management

Please refer above to the observation of high levels of cash issued for WAD, section C1.3 working advance to staff.

Cash forecasts

The cash forecast for November 2017 was not completed for the North-East Complex Crisis programme. The omission of a cash forecast could impact on operations implementation. Any omission of the regular cash forecast could affect financial budgeting and have consequences on being able to pay commitments.

Additionally, for another file tested for September 2017, only the first page with the total amount was signed by the Head of Country Cluster and the Head of Operations. The following pages, which were breakdowns of forecast per projects (psychosocial support , shelter, livelihoods), were not signed by the respective project managers. There was no evidence that Finance performed due diligence checks, since their validation was missing for the entire file.

Risk(s): Ineffectiveness; inefficiency.

Cause(s): Oversight

Recommendation 14:

Establish a monitoring process to ensure that West Coast Country Cluster project managers perform cash requests on a project needs basis. In addition, the Finance Unit, when performing due diligence checks, should take into consideration other known events that involve future cash payments, and advise the budget holders to include the expected cash flows in their forecast.

Management Action Plan:

Agreed and corrective measures are being implemented.

Risk Owner: Project Managers and Head of Finance and Administration

Due Date: December 2018

Priority Rating: High

C1.5 Finance supporting documentation

A sample of 40 transactions was selected for testing to assess their completeness, accuracy and the adequacy of supporting documentation attached to substantiate the transaction. The results of 21 transactions reviewed relate to Procurement and working advances and have been already presented in the respective sections of this report (B3.1 - 15 procurement and 6 partner Working Advances and cash transfers transactions). For the remaining transactions, inconsistencies were noted in the quality of supporting documentation retained:

Salaries, *per diems* and incentives

- Project agreements detailing the budget allocated were neither attached as supporting documentation, nor was there evidence that budget checks were performed by finance prior to the bookings.
- For salaries paid to the national society, there was no mechanism in place to verify whether employees were under contract and working on the project.
- *Per diems* and daily rates for volunteer incentives were not documented.
- Full *per diems* were provided to staff; other costs were not deducted, such as meals, meaning staff were over paid.

Incorrect document accounting

We found one example where a transaction had been posted as a cash payment after the provision of cash to the Field Assessment Coordination Team Health Officer. On closer inspection, the supporting documentation showed that this related to invoices that were dated two weeks later. This means that cash was held by the member of staff for at least two weeks, so the correct accounting treatment should have been a working advance.

Wrong accounts

There are general inconsistencies in the coding used for transport, travel, workshops, and *per diem* accounts. For instance, volunteers' incentives have been booked as accommodation costs for NS staff, whilst hotel accommodation costs have been booked in workshops participation fees.

Risk(s): Fraud/misuse; inaccurate/late reporting.

Cause(s): Compliance.

Recommendation 15:

Ensure that all expenditures are processed only when the following requirements are met:

- Authorisation and validation, as per the Federation expenditure authorisation policy/cash disbursement guidelines.
- Strengthened controls on reimbursement of *per diem* costs.
- Ensure there is sufficient documentation or explanation for the reasoning behind each accounting transaction.

Management Action Plan:

Agree with the recommendations.

Risk Owner: Head of Finance and Administration

Due Date: December 2018

Priority Rating: Medium

C2	Human Resources
<p>C2.1 Labour law, staff regulations and contracting</p> <p>Our review noted the same observations on <i>National Staff Regulations (NSR)</i> and the salary scale that were mentioned in the previous internal audit of the Cluster Office in June 2016.</p> <p><u>National Staff Regulations</u></p> <p>The Office is still using the NSR established in 2009 when based in Lagos. The NSR are outdated and do not reflect the current office's needs and practices. For instance, the NSR do not include relevant matters, such as driver overtime entitlement and calculation, the reporting of grievances to human resources and clarity regarding leave entitlement and carry forward.</p> <p><u>Salary scale</u></p> <p>The salary scale for National Staff was established together with the NSR in 2009 and has not been reviewed and benchmarked with similar organisations in Nigeria. The lack of updated and benchmarked salary scale by function, with competitive rewards, grades and increments, could impact the ability to attract future employees or retain staff. There have been cases during recruitment where preferred candidates rejected offers due to the unattractive remuneration package. At the time of the audit, revisions of the NSR and salary scale were still a work in progress.</p> <p>Risk(s): Legal liabilities; inefficiency. Cause(s): Oversight/guidance.</p>	
<p>Recommendation 16:</p> <p>a) Finalise the review of the <i>National Staff Regulations</i> for Nigeria and ensure that the local labour law and employment standards are embedded in the revision. The IFRC Staff Regulations could be used as guidance to ensure that the revised NSR include all relevant matters.</p> <p>b) Finalise the update of the salary scale in coordination with the Africa Regional Human Resources unit in Nairobi. Establish a process to ensure that the salary scale is benchmarked on a regular basis with similar organisations working in country and improve the Office competitiveness in the labour market.</p> <p>Management Action Plan:</p> <p>Agreed and already implemented. National Staff Regulations has been revised making sure that all aspects are touched upon. The review has been done from the local legal advisor at the National level while the regulations are under review at Nairobi office. All the areas on drivers overtime and calculation, reporting grievances and leaves entitlement are captured. The new salary scale has been approved since June 2018.</p> <p>Risk Owner: Head of Country Cluster and Head of Human Resources Due Date: October 2018 Priority Rating: High</p>	
<p>C2.2 Payroll and remuneration</p> <p><u>Overtime rate</u></p> <p>Drivers are entitled to overtime when on duty outside the official office working hours. A daily overtime rate in Nigerian currency of 2000 is being applied, however, this is a flat rate regardless of the timing or number of hours worked. For example, payment is the same amount both for weekdays or weekends claimed or whether the duration of the assignment varies from a couple of hours to an entire day. This system, therefore, does not reward the time worked and drivers are being under or overpaid.</p> <p>Risk(s): Inefficiency Cause(s): Procedures/guidelines.</p>	

Recommendation 17:

- a) When finalising the revision of the NSR and salary scale, Management should ensure that overtime rates are clear and driven by the amount of time worked in the West Coast Country Cluster.
- b) A monthly plan is put in place to manage driver resources and Cluster Office requirements based on need and budget.

Management Action Plan:

Overtime has been revised in National Staff Regulations as below:

- a) Daily salary = Basic salary divided by number of working days in that month.
- b) Overtime hourly salary = The daily salary in (a) divided by 8 working hours.

Staff Members at the level of assistants and below shall be entitled to financial compensation for any overtime worked above the normal number of hours in a week as provided in their employment contract. Such overtime must be reported at the latest at the end of the following month. All compensation for overtime will be calculated in accordance with the following scale:

- a) During normal working days, the hourly overtime rate is 150 % the hourly salary (as calculated in 2.11 (a) above); and
- b) During weekends and Public Gazetted Holidays, the hourly overtime rate is 200 % the hourly salary.

Staff Members at the level of officers and above shall not be entitled to financial compensation for overtime in their Duty Station. Line managers should however grant discretionary compensatory leave for work performed by Staff Members after working hours, on weekends or public holidays. Staff Members working overtime away from their Duty Station shall not be entitled to financial compensation. Line managers should however, grant discretionary compensatory leave for such overtime.

Risk Owner: Head of Country Cluster and Head of Human Resources

Due Date: October 2018

Priority Rating: Medium

C2.5 Leave management

A national staff leave monitoring table is maintained in an MS Excel spreadsheet. High leave balances from 2017 were carried forward to 2018 for at least seven members of staff, among which three had balances over 40 days and one had a balance over 30 days. This is not compliant with the maximum allowance of 10 days carry forward as established in the *national society regulations* (NSR). As per the NSR, carried forward leave is forfeited by 31 March if not taken.

If staff do not regularly take leave, there is a risk of overwork or excess pressure and a build-up of balances that if taken in one batch could result in significant gaps in future service provision.

Risk(s): Inefficiency

Cause(s): Compliance

Recommendation 18:

Improve leave management practices by ensuring that there is regular communication between managers and staff at least on a quarterly basis. Establish an annual leave plan to clear excessive leave balances and avoid long absences that could adversely impact operations. Staff are reminded to respect the annual leave carried forward limit as authorised in the *National Staff Regulations* by taking necessary time off during a calendar year.

Management Action Plan:

Agreed. Staff are now encouraged to take their annual leaves and improvement in this aspect has been noticed. Except for a small number of staff, other staff have now planned for their annual leave before the expiry of their contracts.

Furthermore, on the draft National Staff Regulations, Staff Members will only be allowed to carry over a total of 10 days of accumulated leave from one calendar year to the next.

The leave days carried over must be taken by 31st March of that following calendar year. Failure to comply on this regulation means the leave days shall be deemed forfeited and staff member will not be compensated on the forfeited leave days financially.

Risk Owner: Line Managers and Head of Human Resources

Due Date: October 2018

Priority Rating: Medium

C2.6 Personnel files

We noted missing documents within recruitment files such as staff request forms and some reference checks. We were informed that those documents could be found in other files and were in the process of being reorganised. Some documents containing restricted information were misplaced in the general personnel file and held sensitive information that could be accessed and read.

Risk(s): Inefficiency; legal liabilities.

Cause(s): Compliance.

Recommendation 19:

Review and update personnel files located in the West Coast Country Cluster to ensure they contain all mandatory information. Key personnel files should be safely stored when as legally required to guarantee the confidentiality of sensitive HR information.

Management Action Plan:

Agreed and already implemented. There are lockable cabinets for the HR files with restricted access to only HR staff. A lot of progress has been done while updating the personnel files. A standard checklist has been developed for this purpose and reorganisation of the whole filing system is in progress. The recruitment files are now kept in separate boxes with all the relevant required information.

Risk Owner: Head of Human Resources

Due Date: October 2018

Priority Rating: Low

C3

Administration

C3.1 Administrative policies and procedures

Filing system

A system for filing and archiving in accordance with *IFRC procedure number 30 - standardised filing system for offices in the field* has not yet been established. Our observations noted examples of files in Administration and Finance that were not properly indexed. There were also hard copies of files which could have been archived to free the limited office space.

Risk(s): Inefficiency; legal liabilities

Cause(s): Compliance; oversight/guidance

Recommendation 20:

West Coast Country Cluster staff will ensure that active files are categorised, labelled and comply with the *Federation Standardised Filing System for offices in the field (Doc Ref 030)*. All closed files, electronic or paper, are appropriately archived or disposed/deleted in compliance with the retention and disposal schedule.

<p>Management Action Plan: Agreed and recommendations implemented.</p> <p>Risk Owner: Head of Finance and Administration</p> <p>Due Date: October 2018 Priority Rating: Medium</p>	
<p>C3.2 Other administrative matters</p> <p>Staff occupy an office in a two-storey building and an extended area within the Nigerian Red Cross compound. The current office space is limited, and it has been difficult to accommodate workstations for the increasing number of staff and provide suitable space for meetings. The management team we understand was assessing options on office space, taking costs and size of the operations into consideration, but a conclusion had yet to be finalised.</p> <p>Risk(s): Inefficiency; security/safety Cause(s): Oversight/guidance</p>	
<p>Recommendation 21:</p> <p>Perform a documented cost analysis for the office, considering the expansion and contraction of operations and size of facilities needed for office support. This analysis should include a review of the number of staff, duration of contracts, running costs and funding income and location (both in Abuja and field offices).</p> <p>Management Action Plan: Agreed. This action plan will be linked to the 2019 plans and funding.</p> <p>Risk Owner: Head of Cluster</p> <p>Due Date: December 2018 Priority Rating: Medium</p>	

C4	Asset and inventory
<p>C4.1 Asset/inventory management and safeguarding</p> <p><u>Inventory</u></p> <p>An office inventory register is maintained, including the type of equipment, location and an individual identification number per item. This list has not been updated to cover assets located in the sub-offices based in Yola and Damaturu and assets handed over by Emergency Response Unit (ERU) teams. Regular inventory counts have not been performed and documented as complete by another member of staff (independent from management of the inventory register). As sample checks are not performed on a regular basis, there is a risk of missing or non-registered items.</p> <p>Risk(s): Asset/financial loss Cause(s): Compliance</p>	
<p>Recommendation 22:</p> <p>Review the West Africa Country Cluster inventory register to ensure its accuracy and completeness, including assets located in the field. A physical verification of the inventory items will be performed and documented by someone independent from the register holder on a regular basis (at least once a year).</p> <p>Management Action Plan: Agreed and is being implemented in 2018.</p>	

Risk Owner: Head of Finance and Administration	Priority Rating: Medium
Due Date: December 2018	

C5	Information systems
C5.1	IT management
<p>An IT Manager has been recruited to set up the IT infrastructure at the Abuja Office and support the increasing IT demand due to the increasing number of staff. A regular back-up system has yet to be established to prevent the loss of data, for example, when there is power disruption. This observation is brought forward from the previous internal audit in 2016.</p>	
<p>Risk(s): Inefficiency Cause(s): Oversight/Guidance</p>	
<p>Recommendation 23: Promote a culture and provide guidance on appropriate back-up procedures by ensuring that regular (daily, weekly or as appropriate) back-ups are undertaken.</p>	
<p>Management Action Plan: Agreed and being implemented.</p>	
<p>Risk Owner: Head of IT</p>	
Due Date: October 2018	Priority Rating: Medium

PART III ANNEXES

ANNEX 1 - RISK RATINGS

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

ANNEX 2 - AUDIT ASSESSMENT LEVELS

Assessment Category	Assessment Description
Few/best practice improvements recommended	Few/best practice improvements are recommended. Generally, the controls evaluated are adequate, appropriate, and effective to provide <i>reasonable assurance</i> that risks are being managed to achieve objectives.
Some/moderate improvements needed	Some/moderate specific control weaknesses were noted. Generally, the controls evaluated are adequate, appropriate, and effective and are <i>likely to provide reasonable assurance</i> that risks are being managed to achieve objectives.
Numerous/major improvements needed	Numerous/major specific control weaknesses were noted. The controls evaluated are <i>unlikely to provide reasonable assurance</i> that risks are being managed to achieve objectives.
Significant/critical improvements needed	The controls evaluated are not adequate, appropriate, or effective and <i>reasonable assurance cannot be provided</i> that risks are being managed to achieve objectives.

ANNEX 3 – RISKS

The OIAI report lists the potential risks, with the *primary or major* risk listed first.

Audit Objective	Risk Category	Risk Description
Effectiveness	Ineffectiveness	The risk that the timely and complete achievement of the main objectives is compromised.
Efficiency	Inefficiency	The risk that the objectives are not achieved by efficient means, which may result in additional time, costs or resources.
Asset Safeguarding	Asset/Financial loss	The risk that of not insignificant financial or asset loss to the organisation.
	Fraud/Misuse	The risk of fraud or misuse of IFRC assets resulting in financial loss and/or impacting reputation.
	Legal liabilities	The risk that there are legal penalties, or other liabilities resulting in financial and/or other losses to operations, assets or reputation.
	Partnerships/ Reputation	The risk that the IFRC's reputation is negatively impacted, affecting partnerships, public perceptions and operations.
	Security/Safety	The risk that physical IFRC assets (including personnel) are not adequately safeguarded resulting in injury, death or other loss.
Reporting	Inaccurate/Late reporting	The risk that reporting is not complete, timely, or accurate, impacting the decision-making process, and/or transparency and accountability to stakeholders.

ANNEX 4 - CAUSES

The cause is the underlying reason why the issue arose. Causes have been categorised as follows:

Cause Category	Cause Description
Procedures/Guidelines	Lack of procedures or guidelines that provide criteria regarding expected and acceptable behaviour and action.
Compliance	Lack of compliance with established procedures.
Oversight/Guidance	Lack of adequate oversight or guidance provided.
Resources/Capacity	Lack of resources to adequately implement, or lack of required capacity (technical or otherwise) to perform the task effectively.
Organisational culture	An embedded organisational culture, or lack of awareness on the relevant issue.
Other	Other causes which may include external factors which are outside the control of the entity.

ANNEX 5 - ABBREVIATIONS

CHF	Swiss francs
DREF	Disaster Relief Emergency Fund
IFRC	International Federation of Red Cross and Red Crescent Societies
OIAI	Office of Internal Audit and Investigations
PNS	Partner National Society