JOINT AUDIT

OF THE GOVERNANCE ARRANGEMENTS

OF THE SOUTH SUDAN COMMON HUMANITARIAN FUND

Report No. 1558
Issue Date: 28 December 2016
Report on the Joint Audit of the Governance of the South Sudan Common Humanitarian Fund
Executive Summary

The internal audit services of four of the United Nations organizations involved in the South Sudan Common Humanitarian Fund (CHF) activities – the Office of Internal Oversight Services (OIOS) of the United Nations; the Office of Audit and Investigations of the United Nations Development Programme (OAI); the Office of Audit and Investigation Services of UNFPA (OAIS); and the Internal Audit and Investigations Group of UNOPS (IAIG), collectively referred to herein as the “internal audit services” or “the joint audit team”, conducted a joint audit of the governance arrangements of the South Sudan CHF, with a field mission from 30 November to 7 December 2015. The joint audit team covered the governance arrangements of the CHF from 1 January 2014 to 30 September 2015.

The CHF’s governance arrangements comprised:

a) the Humanitarian Coordinator (HC), who leads and coordinates the management of the CHF;
b) the South Sudan CHF Advisory Board, which provides guidance to the HC in the management of the CHF; and
c) the joint OCHA-UNDP Technical Secretariat, which is headed by United Nations Office for the Coordination of Humanitarian Affairs (OCHA). The Secretariat falls under the supervision of the HC with the mandate to ensure the adequate and efficient management of the CHF.

The audit aimed to assess the adequacy and effectiveness of the governance arrangements and the documents in place to establish the basis for the CHF and provide strategic direction, risk management and key control processes to achieve the CHF programmatic and operational results.

The audit reviewed the key documentation and functions as described below:

- Governance documentation
- System of Accountability
  - Assessment and selection of Non-Governmental Organization (NGO) implementing partners
  - Risk management
  - Evaluation
  - Monitoring of results by Priority Clusters, Participating United Nations Organizations (PUNOs), NGO implementing partners
  - Project auditing
- Project extensions and closure
- Reserve allocation process
- Resource mobilization
- Funds management
- Narrative reporting

The audit was conducted in accordance with the Framework for Joint Internal Audit of United Nations Joint Activities endorsed in September 2014 by the United Nations Representatives of Internal Audit Services (UNRIAS), and in conformance with the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors. These Standards require that internal auditors plan and perform the audit to obtain reasonable assurance on the adequacy and effectiveness of governance, risk management and control processes related to the audited activities. The audit included reviewing and analyzing, on a test basis, information that provides the basis for the conclusions and audit results.

Previously, OAI of UNDP conducted the audits of the Administrative Agent function of the South Sudan CHF, fulfilled by the Multi-Partner Trust Fund Office in New York (OAI report no. 1494 published 4 September 2015), and the Managing Agent function of the South Sudan CHF (OAI report no. 1546 published 16 October 2015). Similarly, OIOS of the United Nations audited the operations of the OCHA in South Sudan (OIOS report no.
2016/038 published 29 April 2016). The current audit was the first joint audit of the governance arrangements of the CHF.

As envisioned in the Framework for Joint Internal Audits of United Nations Joint Activities, a consolidated audit report will later be issued. It will include the results of the internal audits carried out at the level of each PUNO, as well as the present audit of the CHF governance.

**Overall audit rating**

The joint audit team assessed the governance arrangements of the CHF as **partially satisfactory**, which means “Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.” This rating was due to: incomplete risk mitigation process; governance documentation that lacked clarity; incomplete records and sharing of information that can restrict the work of the joint Technical Secretariat; and a lack of data quality assurance in the consolidation of narrative reports.

**Key recommendations: Total = 4**

There are four medium (important) priority recommendations, which means “Action is required to ensure that the governance of the CHF is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for the CHF.”

The four recommendations aim to ensure the following:

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Recommendation No.</th>
<th>Priority Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievement of the organization’s strategic objectives</td>
<td>3</td>
<td>Medium (important)</td>
</tr>
<tr>
<td>Reliability and integrity of financial and operational information</td>
<td>2, 4</td>
<td>Medium (important)</td>
</tr>
<tr>
<td>Compliance with legislative mandates, regulations and rules, policies and procedures</td>
<td>1</td>
<td>Medium (important)</td>
</tr>
</tbody>
</table>

For three other issues identified, no recommendations are included in the present report, as these have already been covered in separate audit reports related to the CHF that were issued by the internal audit services of the concerned Participating UN Organization.

**Management comments and action plan**

The Humanitarian Coordinator accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided had been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.
“Signed”

Helge S. Osttveiten  
Director  
Office of Audit and Investigations  
UNDP

Eleanor T. Burns  
Director  
Internal Audit Division  
Office of Internal Oversight Services  
United Nations

Fabienne Lambert  
Director  
Office of Audit and Investigation Services  
UNFPA

Paul Lucas  
Director  
Internal Audit and Investigations Group  
UNOPS