



AUDIT REPORT

OCHA's management of emergency response funds

Although emergency response funds were a comparatively rapid mechanism for the financing of humanitarian activities, unnecessary delays remained in approval and financing of projects

11 June 2010
Assignment No. AN2009/590/05

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INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Mr. John Holmes, Under-Secretary-General
A: United Nations Office for the Coordination of
Humanitarian Affairs

DATE: 11 June 2010

REFERENCE: IAD: 10-

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FROM: Fatoumata Ndiaye, Director
DE: Internal Audit Division, OIOS

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SUBJECT: **Assignment No. AN2009/590/05 - Audit of OCHA's management of emergency response funds**
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. In order for us to close the open recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarised in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 2, 4, 6, 7, and 10) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit
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Mr. David Kaatrud, Director, Coordination and Response Division, OCHA
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INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

Audit of OCHA's management of emergency response funds

OIOS conducted an audit of the United Nations Office for the Coordination of Humanitarian Affairs' (OCHA's) management of emergency response funds (ERFs). The overall objective of the audit was to assess the adequacy and effectiveness of OCHA's management of the ERFs. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

In the three funds examined¹, OIOS found that, in general, OCHA had established processes at the country level for the assessment and approval of grants that were appropriate and adapted to the circumstances and purpose of these funds.

However, although it was generally acknowledged that the ERFs were a comparatively rapid mechanism for the financing of emergency humanitarian activities, there remained unnecessary delays in the approval and financing of projects, causing frustration amongst OCHA staff and project grant recipients, as well as potentially delaying the delivery of urgently needed emergency humanitarian assistance. This was largely the result of a lack of clarity and shared understanding on the precise roles and responsibilities between OCHA country offices and the OCHA Administrative Office in Geneva.

There was also a need to improve overall policy guidance to OCHA offices to improve the consistency, efficiency and effectiveness of management of ERFs across the funds. Although the recent establishment of the OCHA Funding Coordination Section in New York had already led to greater sharing of ideas, knowledge and tools on ERF management, there remains further work to be done on improving guidance, minimum standards and requirements for:

- the establishment and management of ERFs;
- the levels of staffing and administrative support for ERFs;
- the review and selection of grant applications;
- the ongoing monitoring and auditing of funded projects; and
- evaluation of overall project and fund performance.

OIOS considers that OCHA must also identify and continually review the overall objectives and purposes of each ERF to ensure that the types and scope of humanitarian activities funded by them do not duplicate or overlap with the activities of existing humanitarian and other mechanisms, but rather complement them or fill gaps not already addressed.

Although there have been recent efforts by some OCHA country offices at improving the quality of monitoring and reporting of ERF performance, OIOS

¹ The audit examined the two largest currently active ERFs—the Humanitarian Response Fund for Ethiopia and the Humanitarian Response Fund for Somalia—as well as the newly established ERF in Kenya.

found that there was a need for further attention to ongoing monitoring of ERF-funded projects and better use and reporting of information on individual project results, as well as on the overall outcomes achieved collectively by the various ERFs. Substantial information is provided by grant recipients on agreed project specific indicators and outcomes, however, this information was not systematically used by OCHA nor shared amongst other partners to improve decision-making on the type and nature of activities funded by ERFs. Nor was this information regularly used to improve reporting on fund performance, although at least one country office had begun to focus on improved reporting of outcomes in its ERF annual report.

OIOS has made a number of recommendations aimed at enhancing existing control structures and clarifying and improving the efficiency of grant approvals and payment processing. OIOS has also recommended the implementation of additional controls aimed at improving attention to monitoring and reporting of project and overall ERF performance. OCHA accepted all recommendations and has initiated steps to implement them.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Office for the Coordination of Humanitarian Affairs' (OCHA's) management of emergency response funds (ERFs). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. OCHA has been using ERFs since 1997 to provide rapid and flexible funding to in-country United Nations and non-governmental organisation actors to address unforeseen humanitarian needs. The first ERF was established in Angola in 1997, and over time they have been established in 16 other countries (see Annex 2). As at the end of 2009, a total of approximately \$150 million have been granted for around 650 projects under the various ERFs. The funds are managed by OCHA with contributions from government donors.

3. Management of ERFs occurs at both the country and OCHA headquarters level in Geneva and New York. With the support of the OCHA country office, the Humanitarian Coordinator (HC) is responsible for overall management and oversight of the respective ERF, including the selection and review of projects to be funded and for performance monitoring and reporting. Although project selection, budget approval and auditing of project expenses occur initially at the country level, the OCHA Administrative Officer in Geneva holds the overall financial delegation of authority for issuing ERF grants under the relevant trust fund, as well as for processing and certifying payments under project grant agreements. The Finance Section of the OCHA's Administrative Office supports the Administrative Officer in the management and processing of ERFs. OCHA has also recently established the Funding Coordination Section to exercise overall oversight and programmatic direction over all ERFs and to ensure consistency in their establishment and management.

4. Comments made by OCHA are shown in *italics*.

II. AUDIT OBJECTIVES

5. The main objectives of the audit were to assess the adequacy and effectiveness of OCHA's management of and controls over ERFs. In particular, the audit aimed to examine whether:

- (a) OCHA had adequate controls in place to ensure that ERFs were being used for the purposes for which they were granted; and
- (b) OCHA complied with the conditions of grant, United Nations Financial Regulations and Rules and relevant administrative instructions when using ERFs.

III. AUDIT SCOPE AND METHODOLOGY

6. The audit examined the two largest currently active ERFs—the Humanitarian Response Fund for Ethiopia and the Humanitarian Response Fund for Somalia—as well as the newly established ERF in Kenya. It assessed the management of these three ERFs, and reviewed the overall processes for financial management and disbursement of grant funds and the strategic guidance and direction provided to OCHA country offices on ERF management.

7. Fieldwork for the audit was conducted at OCHA offices in Ethiopia, Geneva, and Kenya over three weeks during August and September 2009 and in New York during October and November 2009. The audit methodology included interviews with relevant personnel responsible for ERF management within the three ERFs, with the OCHA heads of office for Ethiopia, Kenya and Somalia, and the United Nations Humanitarian Coordinators for Somalia and Ethiopia. Interviews were also held with staff in the OCHA Administrative Office in Geneva and the Funding Coordination Section in New York, as well as with the Financial Resources Management Service in the United Nations Office at Geneva (UNOG).

8. OIOS reviewed OCHA and United Nations policies and procedures relevant to the management of ERFs, including the United Nations Financial Regulations and Rules, Secretary-General’s Bulletins and Administrative Instructions, UNOG Administrative and Financial Instructions and instruments of delegation, as well as specific guidelines and conditions of grant for the three ERFs. OIOS also conducted a detailed examination of 65 grants awarded under the three ERFs during the period 2006–2009 to ascertain compliance with these rules, policies and procedures in the processing and management of ERF grants.

9. During fieldwork, the audit team also met with United Nations and non-governmental organisation (NGO) representatives of the United Nations Country Team and humanitarian technical clusters within the three countries examined, with the United Nations and NGO implementing partners and grant recipients, as well as with a selection of donor countries contributing to the respective ERFs. Finally, the audit team also met with representatives of the firms responsible for conducting the end of grant auditing of ERF-funded projects on OCHA’s behalf.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Consideration and assessment of grant applications

Lack of established guidelines on the pre-screening of grant applications

10. In each of the three ERFs that OIOS examined, OCHA had established processes for the assessment and consideration of grant applications. As outlined in Annex 3, grant applications are subject to three main stages of country-level review before the HC decides whether to fund a proposed project: pre-screening, technical review, and overall strategic review and advice.

11. Once grant applications had been submitted to OCHA, country office staff conduct an initial pre-screening assessment of applications for ERF grant funding.² The pre-screening generally involves an assessment of whether the proposed project met the conditions and objectives of the respective ERF and was therefore eligible for further consideration. Some factors considered during the pre-screening process included whether:

- the proposed project demonstrated a positive impact on the lives and livelihoods of people affected by a recognised humanitarian crisis;
- the project objectives and activities aimed to meet the needs of an affected community, as identified and supported by a credible assessment;
- the project complemented other actors' activities and reinforced cooperation and partnership with UN agencies and other actors, including local authorities; and
- the applicant agency had the capacity to implement the project and whether it had an established presence in the proposed area of activity.

12. However, no formal document had been developed that detailed the precise steps to be taken and factors to be considered by the country office during pre-screening of proposals. There were also no established guidelines for the pre-screening of proposals. Each OCHA country office had developed a set of template forms for use by applicants in submitting ERF grant proposals and had made these forms available on the Internet from the OCHA country office website. As a result, the precise steps taken in the pre-screening stage differed across the three offices examined.

13. During interviews with members of the technical review clusters and ERF advisory boards, a commonly expressed view was that there was a need for further information on the precise steps taken by the country office in pre-screening review. Some of those interviewed noted that they were not aware of the precise division of responsibility between the country office and other later reviewers in the consideration of proposals, meaning that there was potential for duplication or gaps in the consideration of issues. Others also expressed a desire for greater information on the number of applications rejected during pre-screening and other stages of review, and the reasons for rejection.

14. The OCHA country offices in Ethiopia and Somalia had developed checklists to aid in the pre-screening process that were used in filtering proposals for further consideration. For example, as at 4 September 2009, 55 (or 23 per cent) of the 239 applications submitted to the OCHA Somalia office for funding in 2009 were approved. Of the 184 rejected applications, 76 (41 per cent) were rejected at the pre-screening stage by the OCHA country office, with 96 (52 per cent) rejected by the technical review panels and three (2 per cent) by the review board. Nine applications were withdrawn. For the Ethiopia ERF, 112 applications were received in 2009, with 80 (71 per cent) awarded funding. Of those 32

² OCHA usually worked with the United Nations Country Team and the humanitarian clusters to make relevant organisations aware of the availability of ERF grants to fund projects responding to emergency humanitarian need. On occasion, OCHA also invited submission of grant applications through newspaper and other forms of advertising.

applications not awarded funding, 18 (56 per cent) were rejected at the pre-screening stage, with 9 (28 per cent) rejected by the technical review panels and 5 (16 per cent) by the review board.

15. However, there was only limited information recorded on the reasons for the rejection of many of these applications. OIOS is of the view that through appropriate revision of the existing pre-screening checklists, country offices could better document and record the steps taken, issues considered and reasons for decisions on whether grant applications proceed beyond pre-screening. This will help to provide greater transparency and information on the role of the country office in accepting or rejecting applications and ultimately ensure that proposals are treated consistently when determining whether a project proceeds to the next stage of review. It will also help clarify the roles and responsibilities of the respective players in the screening process and also assist other decision-makers involved in later steps to avoid duplication in the assessment of applications, thereby improving the efficiency and timeliness of processing.

Recommendation 1

(1) OCHA should revise and formalise the existing pre-screening checklists for grant applications and include these in guidelines that outline the precise steps that should be taken and the issues considered by OCHA country offices during pre-screening of ERF grant applications, so that the reasons for decisions made are adequately documented.

16. *The OCHA Management accepted recommendation 1 and stated that OCHA has developed a generic pre-screening programmatic checklist template for all ERFs that is currently under peer review and will supplement those already developed by Somalia and Ethiopia.* Recommendation 1 remains open pending provision to OIOS of guidelines that outline the precise steps that should be taken and the issues considered by OCHA country offices during pre-screening of ERF grant applications. The guidelines should include revised checklists that ensure that, for each grant application considered, the necessary steps were completed and that the reasons for decisions on the grant are adequately documented.

Approaches used for technical review of project proposals varied between ERFs and between clusters

17. Following pre-screening, the country office presents proposals assessed as having met the initial ERF requirements to the relevant cluster coordinator for technical review. The cluster approach formalises the lead role of particular agencies and organisations in each of the 11 sectors: Agriculture; Camp Coordination/Management; Early Recovery; Education; Emergency Shelter; Emergency Telecommunications; Health; Logistics; Nutrition; Protection; Water, Sanitation and Hygiene. The cluster coordinators provide technical advice to the OCHA country office on the quality, relevance and feasibility of the proposed projects. During the cluster review process, the cluster coordinator and the OCHA country office will engage with applicants to revise and refine project proposals before progressing to the next stage of review.

18. OIOS found variation both between ERFs and between clusters on the approaches used for technical review of project proposals. The cluster lead (or sometimes individual cluster members) usually provided technical comments on proposals to the relevant country office by email. The depth and scope of these comments provided varied across projects, clusters and the ERFs. Some clusters had developed technical guidelines or minimum standards relating to humanitarian activities within the cluster that were taken into account when assessing proposals. However, not all clusters had developed such guidelines or tools. There was no formal guidance outlining the minimum level of engagement of the cluster members in the technical review process, the nature and breadth of issues that should be considered, and the timeframes within which such advice would be provided to OCHA. Nor were there clear standards for and agreement on the mechanism through which technical comments would be provided by particular clusters.

19. In order for OCHA to be satisfied that its funding of particular projects will contribute to the overall objectives of the ERF, it is important that the technical advice provided by the cluster is of consistent quality and reliability. Since cluster members provide this advice outside of their core functions, it is important that technical review processes be designed to minimise the administrative burden on them. Hence there is a need for OCHA to formalise the technical review process, detailing the steps that each cluster participant is required to perform and the format to document and report the review results. This could be achieved through the promulgation of clear guidelines on the roles and responsibilities of the various participants in the different stages of review and the minimum issues to be considered at each stage, as well as through the use of standard templates or checklists for recording and transmitting technical comments. Not only would this ensure greater consistency of review between projects, clusters and ERFs, but it would also enable a greater awareness of and reliance on the work performed during the technical review process by subsequent decision-makers in the overall grant review process, minimising the potential for overlap and duplication in the consideration of issues during pre-screening and technical review.

20. OIOS also considers that further training is required for cluster members and cluster leads on the requirements for and expectations of technical review in relation to ERF proposals, especially if OCHA continues to rely upon the clusters as a critical source of advice and guidance for selecting appropriate projects. During interviews with OIOS, some cluster members expressed uncertainty over the precise division of responsibility between the OCHA country office's pre-screening review, technical review by the cluster, and subsequent review by the ERF advisory and review boards. The proposal by the Somalia ERF to transfer responsibility for pre-screening of proposals directly to the cluster makes further clarification and documentation of the precise roles and responsibilities of each participant in the review process even more critical to avoiding duplication or gaps in review.

21. During interviews with OIOS, cluster members pointed out the lack of formal feedback on how project proposals had been amended in response to cluster comments and whether all cluster comments had been adequately

addressed. Although cluster comments were recorded on both the paper and electronic filing systems maintained by OCHA country offices, information on particular project applications and the changes to such applications resulting from cluster review was not easily accessible. Not only is such documentation important in demonstrating that the advice has been properly taken into account in the final project design, but it can also assist OCHA in further streamlining and improving the project review process, by identifying and providing guidance on issues and difficulties commonly arising during the technical review process.

Recommendation 2

(2) OCHA should review and revise the existing guidance on the technical review of project proposals to include details on the steps that each cluster participant is required to perform during the technical review process, specifying the nature and breadth of issues to be considered, and the timeframes within which such advice to be provided.

22. *The OCHA Management accepted recommendation 2 and stated that OCHA will review and revise the guidance to detail the steps that ought to be taken during cluster review.* Recommendation 2 remains open pending provision to OIOS of revised guidance for cluster participants on the technical review of project proposals. The guidance should include an outline of the steps that each cluster participant is required to perform during the technical review process, the nature and breadth of issues to be considered, and the timeframes within which technical advice is to be provided.

ERF advisory boards need an expanded role

23. After technical review by the relevant humanitarian cluster or clusters, project proposals are submitted to an advisory or review board, which reviews the proposal and provides advice to the HC on whether to fund a particular project. The precise role and responsibility of the advisory or review board depends upon a particular ERF's terms of reference. For example, the Ethiopia ERF Review Board is "responsible for ensuring that funds are used effectively" and disbursed in a way that complements "other humanitarian initiatives and in line with the humanitarian needs" and will "concentrate on trends at the strategic level", although remaining "involved in the review of each project proposal". The Ethiopia ERF envisages the establishment of a "high-level Advisory Committee", distinct from the Review Board, to provide "strategic and policy guidance for the management and use of humanitarian resources". This committee had not, however, been established, and it was not clear what role the Ethiopia Review Board should be playing with respect to advice on strategic issues related to the Ethiopia ERF.

24. Although there is no detailed written guidance provided on the role of the Somalia ERF Advisory Board, the Somalia ERF guidelines note that the Board has responsibility for ensuring "that the fund is used in a complementary and coordinated manner with other initiatives in the sector or geographic area". On the other hand, the Kenya ERF's Advisory Board "analyzes the feasibility and relevance of proposed projects", "offers technical recommendations in

accordance with the HRF Guidelines” advises on “policy issues relating to the direction of the fund”.

25. OIOS interviewed and sought written opinions from a sample of advisory or review board members from each of the three ERFs examined. Board members across each of the ERFs commonly expressed a desire for further clarity on the precise role of the board (especially as compared with the technical and pre-screening review steps), as well as on the extent to which the board should be focusing on the larger, strategic questions of whether particular proposed projects or the suite of projects considered and recommended by the board sufficiently aligned with and contributed to the overall goals or objectives of the ERF.

26. ERFs supported at least four broad types of projects in Somalia and Ethiopia: (i) rapid response projects; (ii) longer-term rehabilitative and livelihood protection type projects; (iii) preventative-type projects (such as stocking of non-food items); and (iv) budget support to UN agencies. Although each of the ERFs examined had developed a statement of purpose and defined the broad type of humanitarian activities to be supported by the fund, OCHA country office staff and advisory board members advised OIOS that it was not clear what role the advisory board should play in acting as a source of strategic advice or policy development on the overall direction and priorities of the fund and which type of project should be afforded relative greater priority.

27. For example, the objective of the Somalia ERF states that the emphasis of the ERF would be to “support rapid response projects that are developed during the first phase of an emergency and before mainstream responses come on line”, but that “as mainstream responses are planned and start to be implemented, the fund would increasingly be used to strategically fill gaps (geographic or sectoral) within an overall response plan”. Similarly, the Kenya ERF guidelines note that the ERF would support projects aimed at the “rapid response needed at the onset of disasters and crises”, projects aimed at filling “critical gaps in non-food interventions”, or projects providing “support to critical early action activities to mitigate emerging needs and prevent escalations in existing humanitarian situations”. However, advisory board members noted that it was not clear what relative balance should be accorded to these different types of humanitarian assistance when making decisions on which proposals should be funded.

28. During interviews with OCHA staff, members of ERF advisory and review boards, United Nations and NGO implementing organisations, and donor countries, it was commonly noted that one great benefit of the ERF model had been that it enabled decisions on financing emergency humanitarian response activities to be made at the country level, with the benefit of local knowledge and expertise. In addition, the ERF model was viewed as enabling a more flexible and timely humanitarian response than could be offered by many other humanitarian financing alternatives.

29. Without limiting the utility and flexibility that ERFs provide as a mechanism for responding to emergency humanitarian need, OIOS considers that

OCHA must find a way of ensuring that there is a greater focus on strategic policy advice and priority setting with respect to the overall focus and areas of activity funded of ERFs, to ensure that ERFs continue to maintain a comparative advantage over other existing mechanisms. This requires improved overall central guidance and support from OCHA to country offices with respect to the operation of ERFs in general, as well as better information and support provided through advisory boards to the HC to enable a more informed assessment and weighing of priorities with respect to particular ERFs.

Recommendation 3

(3) OCHA should expand the role of ERF Advisory Boards to regularly review and evaluate the objectives, purpose and scope of each ERF, in close consultation with the relevant country offices and the respective Humanitarian Coordinator, to ensure that the ERF remains appropriately adapted to meeting the emergency humanitarian need of the country within which it operates.

30. *The OCHA Management accepted recommendation 3 and stated that it has now been implemented.* OIOS notes, however, that OCHA has not yet provided evidence demonstrating the steps taken to implement recommendation 3. Therefore, recommendation 3 remains open pending the provision of evidence to OIOS of the action taken by OCHA to implement the recommendation.

B. Grant processing and payment

Grant approval and payment processing responsibilities lack clarity

31. Once the HC decides to fund a particular project, the OCHA country office requests the OCHA Administrative Office in Geneva to issue the grant and arrange for the disbursement of the first payment under the grant. For speed and convenience, OCHA may also allow the HC to sign a grant agreement on behalf of the authorised OCHA Administrative Office officials, but only if the grant agreement is pre-approved by the Administrative Office.

32. Before formally signing the grant agreement and disbursing the first grant payment, the Finance Section of the OCHA Administrative Office reviews the proposed grant, examining whether the country office adequately completed the necessary review steps, including:

- verifying the completeness of documentation and whether the proposed grant agreement conforms to OCHA policy;
- validating the proposed budget by confirming the availability of sufficient funds for the project and the eligibility of proposed expenditures;
- confirming that the project provides appropriate checks and balances to mitigate the risk of fraud and misuse of funds;
- checking whether there are any outstanding funds to be refunded by the recipient for earlier projects already concluded; and

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- confirming that bank and other details for the grant recipient have been provided.

33. During interviews with country office staff, as well as with ERF grant recipients, it was repeatedly noted that the time taken for processing of grant proposals and grant disbursements by the OCHA Administrative Office was too long. OCHA country office staff expressed frustration with the perceived duplicative review performed by the OCHA Administrative Office, and noted that this had led to seemingly unnecessary delays that affected the commencement of urgent humanitarian projects. OCHA country office staff also noted that the Administrative Office seemed to re-examine ‘programmatic questions’, such as whether the proposed grant fell within the scope of the fund and whether the project would contribute to the fund purpose.

34. To better understand the time taken for completing the various stages of grant review and disbursement, OIOS analysed the average processing times for a sample of grants within the three ERFs. The limited availability of readily accessible data, coupled with the absence of systematic monitoring and reporting of processing times and status by either the OCHA country office or the Finance Section, made the computation by OIOS of precise processing times difficult. Nevertheless, the results shown in Table 1 indicate that processing and review of grant proposals at the country office level, from initial receipt of the application by the country office to a request to fund the proposal, is usually completed within around eight weeks. In this regard, OCHA staff noted, however, that they believed many grants were processed more rapidly, although data was not readily available to verify this. Review and approval by the OCHA Administrative Office of decisions made at country level to award a grant is usually completed within two weeks, although the time taken to process depends upon the completeness of information provided by the country office, as well as on the experience and workload of the responsible officer within the Administrative Office.

35. It should also be noted that, in addition to the review and processing of grants and grant disbursements by the OCHA Administrative Office, the Financial Resources Management Service—part of UNOG—is responsible for the ultimate approval of payment requests and the disbursement of funds to grant recipients. OCHA advised OIOS that UNOG generally processed payments within 2 to 3 days, although OCHA cited cases where processing took significantly longer. OCHA recently sought clarification from UNOG on the precise information that was required in order to obtain approval of the final disbursement which UNOG has provided and OCHA is analysing this information now.

Table 1: Average processing time for grant processing and review for a selection of grants examined by OIOS

Key grant processing stage	Average processing time (weeks)			
	Ethiopia HRF	Kenya ERF ¹	Somalia HRF	ERF average
Initial grant processing at country level				
Review by OCHA country office and endorsement by the Humanitarian Coordinator	7	n.a.	8	8
Finalisation of grant agreement	0.5	n.a.	4	2
Preparation by country office of request for first disbursement	0.5	n.a.	0.5	0.5
Administrative approval and review in Geneva				
Processing of disbursement request by OCHA Administrative Office and processing by UNOG	3	2	1	2
Total	11	n.a.	14	12

Source: Prepared by OIOS based on information provided by OCHA. (Some figures may not total because of rounding.)

- 1 Data is only available for initial grant review stages of projects within the Kenya ERF.
- 2 Does not include time taken by grant recipient for preparation and submission of the final report to OCHA

36. OIOS is of the view that there is a need for further definition and refinement of the precise roles and responsibilities of each of the key areas responsible for review and processing of ERF grant applications and payments. It was apparent from interviews that there was not a shared understanding between OCHA country office and Administrative Office staff of their respective roles in the process, the division of responsibilities in grants consideration and review, and the information requirements and needs of each. This led to misunderstanding and frustration at perceived duplication and delays in processing.

37. The OCHA Administrative Office in Geneva advised OIOS that it will be soon establishing a team within the Finance Section dedicated to processing ERF-related grant agreements and payments. This will enable the Finance Section to benefit from improved knowledge-building and economies of scale in ERF processing, guaranteeing greater consistency in decision-making and data management for ERF grants and also providing a single point of contact within Geneva for all country office staff on ERF-related matters.

Recommendations 4 to 5

(4) OCHA should develop, in close consultation with its country offices, guidance that clarifies the precise roles and responsibilities of all parties involved in the review and approval of grant proposals.

(5) The OCHA Administrative Office in Geneva, in consultation with UNOG, should prepare and agree on a workflow and documentation checklist for processing disbursement of grant and other payments.

38. *The OCHA Management accepted recommendation 4 and stated that it is included in the generic ERF Guidelines and partially completed in 2009. OCHA Headquarters will consult with all colleagues and complete this guidance by the fourth quarter of 2010.* Recommendation 4 remains open pending the provision to OIOS of documented guidance to staff that clarifies the precise roles and responsibilities of all parties involved in the review and approval of grant proposals.

39. *The OCHA Management accepted recommendation 5.* Recommendation 5 remains open pending the provision to OIOS of a documented workflow for the processing and disbursement of grant and other payments, and production of a template checklist to be used by OCHA staff in indicating that the requisite processing steps have been completed.

Grant processing could benefit from further monitoring of grant approval, implementation and reporting

40. For each of the ERFs examined, processing of grant applications is guided by the overall objective and statement of purpose for the fund, with additional criteria outlined in the terms of reference or other information prepared by the OCHA country office. Processing of the grants, which are ultimately financed from donor contributions to the Trust Fund for Disaster Relief Assistance, also takes place within the framework of the United Nations Financial Regulations and Rules and relevant Secretary-General's Bulletins and Administrative Instructions, and authority delegated thereunder.

41. OIOS selected a sample of 65 grants awarded over the past three years and examined whether the grants were processed in compliance with relevant ERF and United Nations rules and guidelines covering the following areas:

- project consideration and approval;
- payment processing;
- project monitoring and tracking; and
- post-project follow-up and reconciliation.

42. OIOS found that grants were generally processed in accordance with the relevant ERF and United Nations rules and guidelines. OIOS observed that a significant amount of effort was directed towards the pre-approval consideration and review of grant proposals, but that comparatively less effort was spent on post-approval grant management, monitoring and review. This was, perhaps, one explanation for the following inconsistencies and exceptions identified by OIOS during review of the sampled grants:

- Not all grants examined met the requirements relating to minimum spending on direct project expenditures.
- Inconsistencies in itemising 'administrative' and 'operational' support costs in expenditure reports, making it difficult to ascertain whether the expenditures were reimbursable.
- Some projects reported 'miscellaneous' expenditures, without sufficient detail to determine their eligibility for reimbursement.

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- Contrary to ERF guidelines, not all budget variances outside permissible limits had been pre-approved by OCHA.
 - Project performance indicators were not always included in project proposals, were not realistic or relevant to measuring project impact, or were reported on at project completion.
 - Requirements relating to the disbursement of funds and the auditing and reporting of grant expenditures were applied differently to UN compared with non-UN grant recipients. However, the respective ERF guidelines and procedure documents did not consistently provide the rationale for this distinction.
 - The standard format for the presentation of financial reports of grant expenditures by UN grant recipients differed significantly from the format and presentation of the approved budgets, making a rapid comparison of actual versus budgeted expenditures difficult.
 - OCHA country offices did not regularly check or review annual reports and registration information for grant recipients but relied on the comments received from technical clusters and advisory boards on the authenticity and capacity of applicants to implement the grant.
 - Limited information on the identity and potential use of sub-contractors within grant applications, coupled with a lack of guidance on sub-contracting of projects to other implementing partners, made it difficult to assess whether limits on the concurrent number of projects for which an agency could be eligible to receive funds were being followed.
 - Systems for recording and filing of information related to grant review and monitoring were not organised properly.

43. OIOS considers that more attention to ongoing management of grants, as well as improved monitoring and reporting of the effectiveness of country office grant approval processes, would ensure that weaknesses in grant administration are more readily identified and remedied. OCHA advised OIOS that it is developing recommended minimum standards for country office staffing and support for ERFs (see Table 2). This will ensure that country offices are sufficiently resourced to support and manage their respective ERFs. Presently, there is significant variation between country offices in the number of staff devoted to supporting the ERF (see Table 3). OIOS commends the development of such minimum standards, and considers that the Funding Coordination Section, working with OCHA country offices, should develop standard policies and guidelines for the management of ERF grants across the entire grant cycle, from grant assessment and approval, through to final review and reporting.

Table 2: Proposed recommended minimum standards¹ for dedicated country office staffing to support ERFs

Fund size	Projects and Annual Volume	Team Size	Comments
Small	\$1-10 million, 10-15 funded projects per year	1 professional, 1 general service	If going up to \$10 million per year, consider adding another professional based on the number of projects expected
Medium	\$10-25 million, 40-50 funded projects per year	3 professional, 1 general service	Depending on project size, a fourth professional staff member may be appropriate
Large	Up to \$50 million, >60 funded projects per year	4 professional, 2 general service	A P4 staff member should head the fund, and at least one of the other professionals should focus on project monitoring and evaluation

Source: Prepared by OIOS based on information provided by OCHA.

- 1 Actual staffing levels should reflect the needs and circumstances of the particular fund, and need not necessarily comply with these minimum standards in all circumstances.

Table 3: Current staffing levels for nine of the active ERFs

ERF	Fund income in 2008 \$'000s	Projects funded in 2008	Professional staff ¹	General service staff	Total number of staff	Ratio of fund income to staffing (\$'000s per staff member)
Ethiopia	68 049	68	4	2	6	11 342
Haiti	3 713	8	1	0	1	3 713
Indonesia	959	9	1	1	2	480
Iraq	5 305	30	2	1	3	1 768
Kenya	-	4	2	0	2	-
Myanmar	1 090	3	1	0	1	1 090
OpT	2 524	20	1	0	1	2 524
Somalia	12 381	50	4	2	6	2 064
Zimbabwe	2 552	9	2	0	2	1 276
Average	12 072	22	2	1	3	2 695

Source: Prepared by OIOS based on information provided by OCHA.

- 1 Includes National Professional Officer staff.

Recommendation 6

(6) To ensure greater ongoing monitoring of ERF grants and quality assurance over grant approval and management processes, OCHA should: (a) develop and issue standard guidance to country offices on minimum standards for the management and monitoring of ERF grants across the entire

grant cycle; and (b) provide required resources to country offices to comply with such guidance in the management of ERF grants across all stages, from pre-approval processing to end of grant reporting and review.

44. *The OCHA Management accepted recommendation 6 and stated that a mapping of ERF monitoring practices was conducted in 2009, and will be followed by standard guidance on minimum standards by the fourth quarter of 2010. The minimum requirements will explore resource implications of implementing any new guidance.* Recommendation 6 remains open pending provision to OIOS of the standard guidance on the overall management by country offices of ERFs and on the ongoing monitoring of ERF grants.

Inadequate guidance on direct and indirect costs computation in project proposals

45. Pursuant to General Assembly resolution 35/217, as well as relevant Secretary-General's Bulletins and Administrative Instructions, 'programme support costs' associated with OCHA's administration of ERF funds are reimbursed at a rate of three per cent of expenditures. The programme support charges that are levied on extra-budgetary expenditures are aimed at ensuring that the United Nations recovers the incremental or opportunity costs associated with supporting activities financed from extra-budgetary contributions. The charge is intended to ensure that the cost of supporting activities financed from extra-budgetary contributions is not borne by the regular budget of the United Nations. In addition to the three per cent charged by OCHA, grant recipients may also levy an amount of up to ten per cent (although less in the case of some ERFs) for the 'overhead' or 'programme support costs' incurred by the grant recipient in implementing the project.

46. Each of the three ERFs has provided some guidance to applicants on the type of costs that are, and are not, eligible for support with using ERF grant funds. For example, the Somalia ERF guidelines provide that the following costs are not eligible expenditures:

- purchase of capital assets (vehicles, communications equipment, office equipment and office furniture);
- cost of import or custom duties (or any similar fee) imposed by overseas governments on goods imported or services;
- staff and personnel costs not directly required by the agency to implement the project; and
- head office 'overhead' costs.

47. In order to assist in the preparation and consideration of proposals, each of the ERFs examined had developed a template for the presentation of project budgets. Estimated project costs were required to be grouped into the following main categories of expenses:

- Staff costs;
- Project operational costs (such as communications costs, office rent and supplies);

-
- Cost of relief items (such as food, medicines, non food items); and
 - Transport and storage costs.

48. In addition to the total reimbursable costs being limited to the approved budget, variations on expenditure within particular budget categories (even if offset by corresponding amounts in other categories) are also limited. For the Ethiopia and Somalia ERFs, such variations within budget categories are limited to ten per cent of the amount approved for the budget category (variations of up to 20 per cent are permitted under the Kenya guidelines).

49. Each of the ERFs examined also allowed an additional percentage to be included within project budgets for administrative or ‘overhead’ costs which varied across OCHA ERFs. For example, the Somalia ERF limited ‘administration and operation support costs’ to seven per cent of total project costs, with head office ‘overhead’ costs not eligible for reimbursement. In contrast, the Kenya ERF permitted ‘administrative’ costs that met the guidelines’ definition of such costs, limiting ‘overhead’ costs to seven per cent of the budget and total ‘administrative’ costs to ten per cent of the total project budget. The current Ethiopia ERF guidelines contained no clear instructions on administrative or overhead costs, but revised guidelines currently being drafted allowed all ‘directly attributable overheads’ to be reimbursed and an additional ten per cent of total budgets to be allocated for ‘agency charges’.

50. There is, therefore, no clear and consistent guidance between ERFs on the definition of allowable ‘administrative’ costs and other ‘overhead’ costs and how these costs can and should be distinguished. During interviews with ERF staff, members of the ERF technical panels and advisory boards, and grant recipients it was noted that the treatment and classification of costs varied across proposals and across different ERFs. This meant there was potential variation in the way in which different budgets were prepared and in the type of costs being included within the different budget categories, both between projects and between ERFs overall.

51. OIOS considers it important that there is clear agreement on and equal treatment of and reimbursement for the costs associated with grant implementation. OIOS recognises that the implementation of ERF projects represents a joint undertaking between the implementing partner and OCHA, and that there are likely to be some costs incurred in implementing ERF projects that are not fully reimbursed by the ERF grant. It is important that the existing guidance on the preparation of project budgets and the definition and support for project costs be further clarified so that there is equal treatment and reimbursement for the costs associated with project implementation. One question that must be urgently resolved is the extent to which the respective direct costs and indirect costs associated with the implementation of projects will be eligible for reimbursement by the ERF grant or otherwise shared amongst the implementing partners.

Recommendation 7

(7) OCHA should revise and standardize the existing guidance on the preparation of project budgets, in close consultation with the Administrative Office in Geneva, its country offices and implementing partners, so that there is clear agreement on, understanding of, and consistency in the types of costs reimbursable from ERF grants within each budget category or grouping.

52. *The OCHA Management accepted recommendation 7 and stated that OCHA will work collectively – including with Central Emergency Response Fund Secretariat, Funding Coordination Section, field offices and the Administrative Office – to develop standard guidance on budget preparation by the second quarter of 2011. Recommendation 7 remains open pending the provision to OIOS of revised guidance to applicants on the preparation of project budgets. The revised guidance should include clear definition and clear agreement of the types of costs reimbursable from ERF grants and the way in which grant costs should be categorized, grouped and presented by grant applicants when submitting grant proposals and final reports.*

Delays in auditing of projects and final payments

53. Auditing and review of final project reports submitted by grant recipients was the lengthiest part of the overall grant management process. As shown in Table 4, the steps involved in post-grant review and processing took, on average, between 25 and 43 weeks.

Table 4: Average time for completion of post-grant review and processing for a selection of grants examined by OIOS

Key grant processing stage	Average processing time (weeks)			
	Ethiopia HRF	Kenya ERF ²	Somalia HRF	ERF average
End of grant review ¹				
Preparation and submission by grant recipient of final report to OCHA	15	n.a.	9	11
Auditing by OCHA country office of completed project and submission of request for final disbursement	32	n.a.	23	27
Processing of final payment request by OCHA Administrative office	2	n.a.	4	3
Total ³	49	n.a.	37	42

Source: Prepared by OIOS based on information provided by OCHA. (Some figures may not total because of rounding.)

1 Total does not include time taken for project implementation.

2 Data is only available for initial grant review stages of projects within the Kenya ERF.

3 Does not include time taken by grant recipient for preparation and submission of the final report to OCHA

54. In the Somalia ERF, the arrangements for the engagement of auditors by the OCHA country office contributed to the time taken and delays in completion

of project auditing. The audit firm used by the country office was only engaged periodically to conduct audits of a defined list of projects identified by the country office. This meant that once additional projects, not on the engagement list, were completed and required auditing, the country office would need to re-engage auditors under a new contract that enumerated the new projects to be audited. The time taken to complete this process of re-engaging auditors, which required compliance with United Nations procurement rules and was conducted by the United Nations Development Programme (UNDP), meant that there were periods where there were no audit resources available to conduct an audit of a project immediately after the project had been completed. The Somalia country office advised OIOS that it is presently seeking to revise the arrangements for engaging audit firms, so that auditors were engaged on an annual basis and available to conduct project audits as the need arises. The Ethiopia country office uses this latter type of arrangement for audits of Ethiopia ERF projects. It was not, however, immediately clear why auditing of projects in Ethiopia took significantly longer than for Somalia in the projects sampled by OIOS.

55. For those grants examined by OIOS, once auditing of final project reports had been completed, the OCHA Administrative Office processed the requests for final payment relatively quickly—usually within 1 to 2 weeks of receiving a request. Although, as noted earlier, OCHA country office staff and grant recipients interviewed by OIOS had expressed frustration at the length of time taken, especially by the Administrative Office, to process grant agreements and disburse initial and final grant payments, processing times for the selection of grants examined by OIOS did not identify any pattern of delay in processing by the Administrative Office, especially relative to the time taken to complete the other stages of review. Although OIOS was made aware of a small number of specific cases where processing had been significantly delayed during review by the OCHA Administrative Office, the lack of readily accessible information and systematic monitoring and recording by OCHA of grant processing times meant that OIOS was unable to conclusively determine the extent of inefficiencies in processing, and whether certain processing steps were, in fact, contributing to delays in overall grant commencement and fund disbursement.

Recommendation 8

(8) OCHA should issue standard guidance to country offices outlining the minimum requirements and processes for the auditing of ERF grants, including guidance on the mechanisms by which audit firms should be engaged and the terms of reference for the conduct of grant audits.

56. *The OCHA Management accepted recommendation 8.* Recommendation 8 remains open pending provision to OIOS of guidance outlining the mechanisms by which audit firms should be engaged by country offices and the terms of reference to be applied by auditors when conducting audits of ERF grants.

C. Performance monitoring and reporting

Need for more formal and systematic project performance monitoring

57. While project reports were eventually submitted for each completed project, the information contained in such reports could be better analysed and made available to facilitate improved understanding of individual project and overall fund impact, as well as sectoral challenges and successes. For example, project proposals are required to include indicators and targets for measuring project success. OIOS observed instances where proposals did not contain project performance indicators and targets. In addition, final reports submitted to OCHA did not always report on the indicators and targets set in the project proposal and did not document the reasons for not reporting them. The lack of information on project performance makes it difficult for the OCHA country office to properly evaluate the impact of the project. OIOS notes that there was little evidence of the systematic use by the country offices of data contained within project reports to better identify and understand the reasons for success and failure in the implementation of particular projects.

58. Both the Ethiopia and Somalia country offices conducted a limited number of ad hoc project monitoring visits to ascertain project progress and performance against expected goals. Although the latest annual report on the HRF for Ethiopia focused more than previous reports on project results and fund impact, there still remained significant opportunity for greater attention to ongoing performance monitoring of individual projects, as well as reporting and sharing of information on overall fund performance and lessons learnt.

59. Enhanced attention to and use of information on performance could be improved by streamlining and standardising the systems used by country offices for tracking information on project progress and performance. For example, in Somalia, OCHA staff monitored project status and maintained information on the OCHA computer network in different file formats and in different locations on the computer network. This made it more time-consuming to centrally update and monitor information on the current status of projects within the ERF, a problem that could be avoided through the use of a single spreadsheet tailored for this purpose.

60. OIOS also notes that full grant payments to UN recipients was not contingent on the submission of a final report, since UN agencies received payment of 100 per cent of the grant amount upon project commencement. Non-UN recipients received an up-front payment of 80 per cent of the grant amount, with payment of the final 20 per cent upon submission to OCHA of the final audited financial statement. Consequently, some UN agencies took significantly longer to submit final reports to OCHA. OCHA cannot verify whether project expenditures were incurred in accordance with approved budgets and that any unused grant funds have been returned until the final project reports and financial statements have been submitted. Delays in submission of such reports by UN agencies meant that OCHA did not have timely access to information on implementation and expenditure for those projects.

Recommendation 9

(9) OCHA should ensure that country offices implement a strategy to monitor progress of individual projects and: (a) use such performance information when considering the suitability of grant applications to receive funding; (b) share broad information on performance and lessons learned with other partners to improve the delivery of humanitarian assistance within the country; and (c) report information on project and ERF performance in annual reports to donors.

61. *The OCHA Management accepted recommendation 9 and stated that OCHA will ensure that information on performance and lessons learned will be shared broadly through annual reports, posted on websites, and communicated regularly to donors. Recommendation 9 remains open pending provision to OIOS of evidence of: (a) guidance to country offices on monitoring of ERF grant projects; (b) the systematic use by country offices of information on past grant performance in the assessment of subsequent grant applications by prospective applicants; (c) mechanisms for the systematic collection, reporting and sharing of information on performance and lessons learned in implementation of ERF grants; and (d) regular reporting of information on project and ERF performance in annual ERF reports.*

Lack of established approval procedures for changes in project scope and for use of unspent project funds

62. OIOS also observed that there were inconsistencies between ERFs on the systems and controls for changes in scope and activities during project implementation and for the use of unspent project funds. For example, the unspent funds remaining at the end of one project under the Somalia ERF were subsequently used (after review by the review board and endorsement by the HC) for the implementation of new project activities by the grant recipient. However, the new activities were not assigned a new project number and information on the new activities were filed as part of the earlier project grant. Meanwhile, in one project in Ethiopia³, OIOS found no record on file indicating that unspent funds that had been ‘reprogrammed’ by the recipient and used to implement new activities had been reviewed by the review board or endorsed by the HC. In another project⁴, the OCHA country office, with the approval of the HC but without review by the technical review panels or the review board, approved a change in the scope of the project towards activities that were not originally planned and over which there had been some disagreement over the feasibility of the proposed work. The final project report noted that these additional activities were ultimately unsuccessful because of ‘technical and funding constraints’.

³ HRF/ETH/0313/001.

⁴ HRF-DMA/0256/083.

Recommendation 10

(10) OCHA should develop guidance for country office staff on ensuring standard approaches across the ERFs to the approval, monitoring and recording of changes in project scope and in the use of unspent or over-budgeted project funds for subsequent activities.

63. *The OCHA Management accepted recommendation 10 and stated that OCHA will work with the Central Emergency Response Fund secretariat to create a harmonized approach for approving, monitoring, and tracking changes in projects funded through OCHA-managed pooled funds. Recommendation 10 remains open pending provision to OIOS of guidance to country offices on standard processes to be followed in approval, monitoring and recording of changes in project scope and in the use by grant recipients of unspent or over-budgeted project funds for subsequent activities.*

V. ACKNOWLEDGEMENT

64. We wish to express our appreciation to the Management and staff of OCHA for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Rec. No.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	OCHA should revise and formalise the existing pre-screening checklists for grant applications and include these in guidelines that outline the precise steps that should be taken and the issues considered by OCHA country offices during pre-screening of ERF grant applications, so that the reasons for decisions made are adequately documented.	Compliance	Medium	O	Submission of documentation to OIOS of guidelines that outline the precise steps that should be taken and the issues considered by OCHA country offices during pre-screening of ERF grant applications. The guidelines should include revised checklists that ensure that, for each grant application considered, the necessary steps were completed and that the reasons for decisions on the grant are adequately documented.	Q3 2010
2	OCHA should review and revise the existing guidance on the technical review of project proposals to include details on the steps that each cluster participant is required to perform during the technical review process, specifying the nature and breadth of issues to be considered, and the timeframes within which such advice to be provided.	Compliance	High	O	Submission of documentation to OIOS of revised guidance for cluster participants on the technical review of project proposals. The guidance should include an outline of the steps that each cluster participant is required to perform during the technical review process, the nature and breadth of issues to be considered, and the timeframes within technical advice is to be provided.	Q4 2010
3	OCHA should expand the role of ERF Advisory Boards to regularly review and evaluate the objectives, purpose and scope of each ERF, in close consultation with the relevant country offices and the respective Humanitarian Coordinator, to ensure that the ERF remains appropriately adapted to meeting the emergency humanitarian need of the country within which it operates.	Compliance	Medium	O	Although OCHA advised that this recommendation had been implemented, no supporting evidence was provided demonstrating how this had been done. Therefore, recommendation 3 remains open pending the provision of evidence to OIOS of the action taken by OCHA to implement the recommendation.	

Rec. No.	Recommendation	Risk category	Risk rating	C/O¹	Actions needed to close recommendation	Implementation date²
4	OCHA should develop, in close consultation with its country offices, guidance that clarifies the precise roles and responsibilities of all parties involved in the review and approval of grant proposals.	Compliance	High	O	Submission of documentation to OIOS of of documented guidance to staff that clarifies the precise roles and responsibilities of all parties involved in the review and approval of grant proposals.	Q4 2010
5	The OCHA Administrative Office in Geneva, in consultation with UNOG, should prepare and agree on a workflow and documentation checklist for processing disbursement of grant and other payments.	Compliance	Medium	O	Submission of documentation to OIOS of a documented workflow for the processing and disbursement of grant and other payments, and production of a template checklist to be used by OCHA staff in indicating that the requisite processing steps have been completed.	Q4 2010
6	To ensure greater ongoing monitoring of ERF grants and quality assurance over grant approval and management processes, OCHA should: (a) develop and issue standard guidance to country offices on minimum standards for the management and monitoring of ERF grants across the entire grant cycle; and (b) provide required resources to country offices to comply with such guidance in the management of ERF grants across all stages, from pre-approval processing to end of grant reporting and review.	Financial	High	O	Submission of documentation to OIOS of the standard guidance on the overall management by country offices of ERFs and on the ongoing monitoring of ERF grants.	Q4 2010
7	OCHA should revise and standardise the existing guidance on the preparation of project budgets, in close consultation with the Administrative Office in Geneva, its country offices and implementing partners, so that there is clear agreement on, understanding of, and consistency in the types of costs reimbursable from ERF grants within each budget category or grouping.	Financial	High	O	Submission of documentation to OIOS of revised guidance to applicants on the preparation of project budgets. The revised guidance should include clear definition and clear agreement of the types of costs reimbursable from ERF grants and the way in which grant costs should be categorised, grouped and presented by grant applicants when submitting grant proposals and final reports.	Q2 2011

Rec. No.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
8	OCHA should issue standard guidance to country offices outlining the minimum requirements and processes for the auditing of ERF grants, including guidance on the mechanisms by which audit firms should be engaged and the terms of reference for the conduct of grant audits.	Financial	Medium	O	Submission of documentation to OIOS of guidance outlining the mechanisms by which audit firms should be engaged by country offices and the terms of reference to be applied by auditors when conducting audits of ERF grants.	Q2 2011
9	OCHA should ensure that country offices implement a strategy to monitor progress of individual projects and: (a) use such performance information when considering the suitability of grant applications to receive funding; (b) share broad information on performance and lessons learned with other partners to improve the delivery of humanitarian assistance within the country; and (c) report information on project and ERF performance in annual reports to donors.	Compliance	Medium	O	Submission of documentation to OIOS of evidence of: (a) guidance to country offices on monitoring of ERF grant projects; (b) the systematic use by country offices of information on past grant performance in the assessment of subsequent grant applications by prospective applicants; (c) mechanisms for the systematic collection, reporting and sharing of information on performance and lessons learned in implementation of ERF grants; and (d) regular reporting of information on project and ERF performance in annual ERF reports.	Q4 2010
10	OCHA should develop guidance for country office staff on ensuring standard approaches across the ERFs to the approval, monitoring and recording of changes in project scope and in the use of unspent or over-budgeted project funds for subsequent activities.	Financial	High	O	Submission of documentation to OIOS of guidance to country offices on standard processes to be followed in approval, monitoring and recording of changes in project scope and in the use by grant recipients of unspent or over-budgeted project funds for subsequent activities.	Q4 2010

1. C = closed, O = open

2. Date provided by OCHA in response to recommendations.

Income, expenditure and period of operation of OCHA ERFs between 1997 and 30 September 2009 1

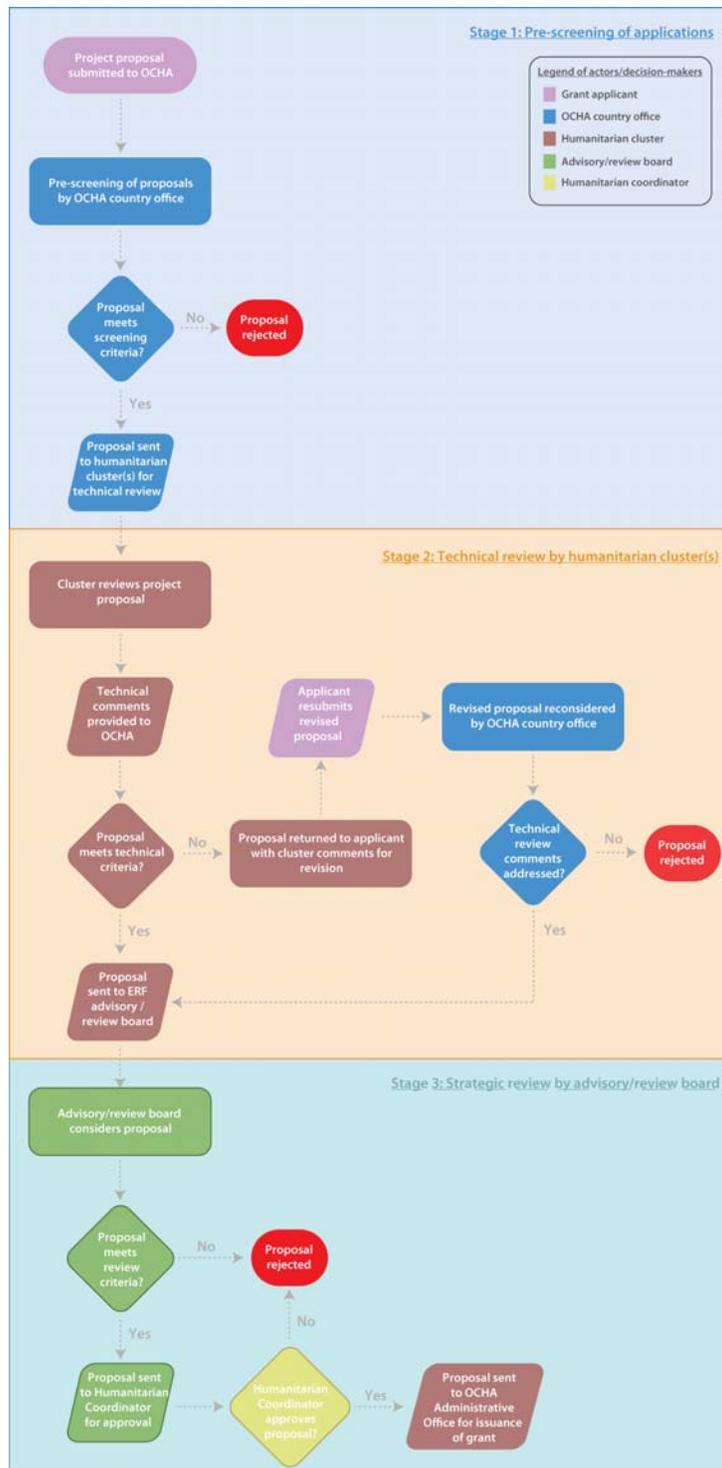
Country	Year established	Year completed	Projects funded in 2008	Total projects funded since establishment	Income in 2008 \$'000s	Expenditure in 2008 \$'000s	Total income since establishment \$'000s	Total expenditure since establishment \$'000s
Angola	1998	2004	-	n.a.	-	-	23 800	23 800
D.R.C.	2000	On-going	1	32	957	2 473	14 780	8 940
Indonesia	2001	On-going	9	93	959	670	6 310	4 190
Somalia	2004	On-going	50	177	12 381	12 190	36 840	23 440
Liberia	2004	2005	-	n.a.	-	-	2 370	1 960
Ethiopia	2006	On-going	68	191	68 049	32 245	103 720	65 173
Lebanon	2006	2007	-	n.a.	-	-	504	231
Cote d'Ivoire	2006	2007	-	10	-	-	260	170
OpT	2007	On-going	20	60	2 534	2 176	13 391	13 182
Iraq	2007	On-going	30	41	5 305	5 080	8 089	7 302
Haiti	2007	On-going	8	17	3 713	1 597	5 570	3,020
Zimbabwe	2007	On-going	9	21	2 552	1 221	5 150	1 478
Myanmar	2007	On-going	3	1	1 090	818	1 890	1 430
Kenya	2009	On-going	n.a.	n.a.	n.a.	n.a.	620	n/a
Nepal	2009	On-going	n.a.	n.a.	n.a.	n.a.	120	n/a
Total	-	-	198	643	97 540	58 470	223 414	154 316

Source: Adapted by OIOS from data provided by OCHA. All income and expenditure figures are in United States dollars.

n.a. Data not available.

1. There are also ERFs active in Afghanistan, Columbia, Sudan, Uganda and Yemen.

MAIN STAGES IN THE REVIEW AND ASSESSMENT OF PROJECT GRANT APPLICATIONS



Source: Prepared by OIOS.