Building Foundation for Development
Initial Audit – Summary Report – 2023/06/06

1. General information

1.1 Organisation

Type	Mandates	Verified
☐ International ☒ National ☐ Membership/Network ☒ Direct Assistance ☐ Federated ☐ With partners	☒ Humanitarian ☒ Development ☐ Advocacy	☒ Humanitarian ☒ Development ☐ Advocacy

Legal registration	Civil non-governmental foundation registered under the Ministry of Social Affairs & Labor, Yemen
Head Office location	Sana'a, Yemen
Total number of organisation staff	102

1.2 Audit team

Lead auditor	Marie Grasmuck
Second auditor	Mahmoud Elsisi
Third auditor	-
Observer	-
Expert	-
Witness / other participants	Local Consultants (conducted onsite community consultations): Northern Yemen Team: Akram Alsarory Eman El-Maktari Southern Yemen Team: Ahmed Noor Al-Deen Wameedh Shakir

1.3 Scope of the audit

CHS Verification Scheme	Certification
Phase of the audit	Initial Audit, First cycle
Coverage of the audit	The entire organisation is covered by this audit: the head office, sub-offices in country, and all projects.
Extraordinary or other type of audit	NA

1.4 Sampling*

Total number of Project sites in scope			9
Total number of sites for onsite visit			4
Total number of sites for remote assessment			0
Name of project site	**Included in final sample (Y/N)**	**Rationale for sampling and selection / de-selection decision**	**onsite or remote**

Random sampling

Project #4: Improving livelihoods and strengthening resilience for the vulnerable population in eight districts of Yemen	N	Project #4 was initially selected but was replaced by project #7 due to security developments.	-
Project #1: Emergency Maternal Obstetric New born Care	Y	Project #1 has a relatively important budget with regards to Building Foundation for Development (BFD) portfolio and is representative of one of its sectors of activity (Maternal and New Born Health). Together with the other projects, it forms a representative sample of BFD portfolio. Covered by Southern Yemen Team and Northern Yemen Team (see below for an explanation of the work with local consultants).	Onsite with local consultants
Project #9: Emergency Health and WASH Response in Flood-Affected Communities in Hays, Hodeidah	Y	Project #9 has a relatively small budget with regards to BFD portfolio and is representative of one of its sectors of activity (Health and WASH). Together with the other projects, it forms a representative sample of BFD portfolio. Covered by Southern Yemen Team.	Onsite with local consultants
Project #3: Education First Emergency Response in most prioritizing IDPs hosting sites in Marib City	N	Project #3 is situated in Marib. Security was too volatile at the time of the audit to consider this location for sampling. Was replaced with project #8, which could be covered alongside project #9 by the Northern Yemen Team.	-

Purposive sampling

Project #8: General Food Assistance (GFA) for vulnerable people in Al Hudaydah		Project #8 replaced project #3 in the sample, as it was accessible in terms of security and logistics by the Northern Yemen Team within the time allocated. Its budget is relatively medium with regards to BFD portfolio, and it is representative of one of its sectors of activity (Emergency Food Assistance). Together with the other projects, it forms a representative sample of BFD portfolio.	Onsite with local consultants
Project #7: Promoting resilience and livelihood activities in Al Jawf, Amran, Al Hodeidah, Dhamar, Al Mahwit and Sa'ada governorates		Project #7 replaced project #4 in the sample, as it was accessible in terms of security and logistics by the Northern Yemen Team within the time allocated. Its budget is relatively large with regards to BFD portfolio, and it is representative of one of its sectors of activity (Livelihoods). Together with the other projects, it forms a representative sample of BFD portfolio.	Onsite with local consultants

Any other sampling performed for this audit:

Yemen is subject to volatile security conditions, and the country is administratively separated in two areas, Northern Yemen and Southern Yemen, BFD being active in both areas. At the scoping stage of this audit, it had been decided that the audit would be conducted remotely by auditors (one team covering the North of the country, and the other team covering the South of the country), but that consultations with communities were to be conducted onsite by independent local consultants to ensure that sufficient and objective evidence could be gathered to formulate initial audit findings. Because of this specific set-up and of the novelty of collecting data through local consultants; and because of the uncertainty linked to the ability to visit projects at a given time, it had been decided to visit all the sampled projects, rather than to conduct remote auditing for part of the sampled projects.

At the time of stage 1, BFD's portfolio of projects was higher than at the time of stage 2. Despite the decrease in the portfolio of BFD at stage 2, the set-up and number of sampled projects was kept as initially planned, to account for possible access constraints to one of the projects. Finally, the teams were able to complete the planned schedule, and covered 4 projects in total.

> **Sampling risks identified:** The auditors have not identified any other sampling risks than the ones identified and mitigated above and are confident that the evidence collected through the above sampling is sufficient to formulate audit findings.

It is important to note that the audit findings are based on a sample of an organisation's activities, programmes, and documentation as well as direct observation. Findings are analysed to determine an organisation's systematic approach and application of all aspects of the CHS across different contexts and ways of working.

2. Activities undertaken by the audit team

2.1 Locations Assessed

Locations	Dates	onsite or remote
Head Office (Sana'a)	March 6th and 7th 2023	Remote
Project Site Office (Al Hodeidah, Aden, Sana'a, Dhamar)	March 6th and 7th 2023	Remote
Southern Yemen Team: Dar Saad and Tareem districts (Aden governorate)	March 6th, 7th, and 8th 2023	Onsite
Northern Yemen Team: Bajel and Al Mena districts (Al Hodeidah governorate)	March 12th and 13th 2023	Onsite
Northern Yemen Team: Zabid and Wusab As Safil districts (Dhamar governorate)	March 14th 2023	Onsite

2.2 Interviews

Level / Position of interviewees	Number of interviewees		onsite or remote
	Female	Male	
Head Office			
Board of Trustees	-	1	Remote
Management	1	8	Remote
Staff	2	2	Remote
Project Sites			
Management	2	1	Remote
Staff	-	5	Remote
Total number of interviewees	**5**	**17**	**Total: 22**

2.3 Consultations with communities

Type of group and location	Number of participants		onsite or remote
	Female	Male	
Aden Governorate, Maternal Health Project, community committee		7	Onsite
Aden Governorate, Maternal Health Project, WASH Project, community committee	7		Onsite
Aden Governorate, WASH Health Project, community committee	4		Onsite
Aden Governorate, WASH Health Project, community volunteers	9		Onsite

Aden Governorate, WASH Project, community members	4		Onsite
Aden Governorate, WASH Project, community committee		17	Onsite
Al-Hodeidah Governorate, Livelihoods Project, community committee	7	9	Onsite
Al-Hodeidah Governorate, Livelihoods Project, community members	7	8	Onsite
Al-Hodeidah Governorate, Food Assistance Project, community members		10	Onsite
Al-Hodeidah Governorate, Maternal Health Project, Health care workers and volunteers		24	Onsite
Al-Hodeidah Governorate, Livelihoods Project, community committee and community members		27	Onsite
Al-Hodeidah Governorate, Maternal Health Project, community members	17		Onsite
Dhamar Governorate, Livelihoods, community members	14	1	Onsite
Total number of participants	**69**	**102**	**Total: 171**

2.4 Opening meeting

Date	2023/03/02
Location	Remote
Number of participants	4
Any substantive issues arising	No

2.5 Closing meeting

Date	2023/04/17
Location	Remote
Number of participants	4
Any substantive issues arising	No

3. Background information on the organisation

3.1 General information	Building Foundation for Development (BFD) is a non-governmental organisation registered under Yemeni Law. The organisation has been created by Yemeni public health experts, who decided to implement activities to support communities and defend their rights. The civil society organisation was first established in 2014, and is officially registered as a non-profit organisation since 2015, with the objectives to:

- 'Contribute to the development of society, alleviate poverty, and improve the living conditions of the most vulnerable by working on to provide the basic services and facilitate access.
- To contribute to the development and improvement of the provision of health and nutritional services, especially for mother and child, and to facilitate access to health service in remote and most deprived areas affected by conflict and natural disasters.
- To ensure urgent delivery of emergency response services to communities affected by conflict and natural disasters, so as to alleviate the health, social and economic impacts on these communities.
- To provide of protection services to war-affected communities and to ensure the provision of basic services such as food, health, water, education and quality, taking into account the needs of women and child.
- To strengthen the technical and managerial capacities of local communities and to ensure the provision of basic services such as food, health, water, education and quality, taking into account the needs of women and child.
- To strengthen the technical and managerial capacities of local communities in targeted areas to ensure community participation in prioritizing and managing community problems and ensuring the sustainability of their solutions.
- To enhance the abilities and skills of women and youth so that they can be able to get opportunities to compete in the labour market.

- To promote the channels of communication and coordination between similar civil society organizations in the Arab world and the around world, and thus contributing to accomplish the objectives that the Associations' seek to achieve.'

(As per BFD's Constitution)

BFD established its first strategy in 2021, and is now in its second strategic cycle, with a strategic document covering 2022–2024. As per the latest, BFD values are: Humanity, Neutrality, Accountability, Quality and Impartiality. BFD's mission is to work with humanity in a transparent way to enable vulnerable and affected groups through the implementation of sustainable programs. The Strategic Plan 2022–2024 lays out 8 strategic goals, among which to improve access to health, nutrition, food, water, sanitation and hygiene, increase resilience, strengthen capacities of local communities and enhancing its institutional building on the foundations of good governance.

BFD implements programmes in a range of sectors such as nutrition and health, food security and livelihoods, protection, education, water, sanitation and hygiene, child rights, shelter and non-food items, camp management, economic empowerment, governance and peacebuilding.

BFD is in the first stages of opening a branch in Sudan.

| **3.2 Governance and management structure** | As per its Constitution, BFD has 4 bodies in its governance structure:

- The Founders are the highest authority in the organisation and have signed the Constitution. They are in charge of high-level decisions regarding the organisation, such as endorsing the general policies and the statute of the foundation, to appoint the members of the Board of Trustees, to approve the establishment of branches, internal regulations, and the annual financial statement. The Founders meet every year.

- The Board of Trustees (BoT), also called Board of Directors, is appointed by the Founders to manage and run the activities of the organisation. As per BFD's Constitution, it consists of 3 members. The chairman of the BoT is appointed by the Founders and holds the title of President of the BFD. The BoT is in charge of high to mid-level decisions such as approving annual reports presented to the Founders, adopting the annual budget for the new fiscal year, forming temporary executive committees, appointing the executive body of the organisation, and adopting financial and administrative regulations. It meets every three months and when necessary, convenes extraordinary meetings. Several provisions exist to prevent the members of the BoT from having conflict of interests, such as the temporary suspension on voting rights in case a relative up to the fourth degree is involved on the topic to be voted on; and the prohibition for employees of the Ministry or other public bodies to serve in the BoT as a Director. The Conflict of Interest Policy applies to the BoT, and requires that members sign an annual declaration of interest, and disclose conflict of interests on a case by case basis during the year.

- Committees: The BoT can appoint permanent or temporary committees to carry out specific tasks on their behalf. At the moment of the audit, 3 committees have been appointed in 2021 for a period of 3 years:

    - The Risk and Compliance Committee (RCC): Composed of at least 3 members, its main tasks are to supervise the internal audit department, review internal audit reports before they are submitted to the board, supervise the external auditors, monitor the integrity of BFD's financial statements, and evaluate the efficiency of the financial management team (in coordination with the Executive Director). The RCC also prepares annual risk reports and supervises identification and management of risks at organisational and project level. The RCC meets at least quarterly.

    - The Policy Development Committee: Composed of at least 3 members, its main tasks are to develop and update BFD's policies before they are submitted to the BoT, to develop strategic directions and planning for BFD, to supervise the development of manuals in coherence with BFD's policy framework, and to identify gaps or needed updates to policies. As per the Governance Guideline, "the committee meets periodically and whenever a need arises".

    - The Program Development Committee: Composed of at least 3 members, its main tasks are to make suggestions to the BoT on the development of programs and projects, in compliance with BFD's principles and strategies, to review the programme management reports and annual grant management plans, approve project proposals submitted to donors, and support external venues, such as |

conferences and seminars. As per the Governance Guideline, "the committee meets periodically and whenever a need arises".

- The Executive Body (EB) is appointed by the BoT. It is chaired by the Executive Director (ED), and is constituted of a representative for each unit of BFD (see below). The EB is tasked with executive duties, such as implementing policies and activities, developing annual financial and project plans, prepare by-laws and executive regulations, propose temporary executive committees. In addition, BFD has recently recruited a Safeguarding Officer, who directly reports to the ED.
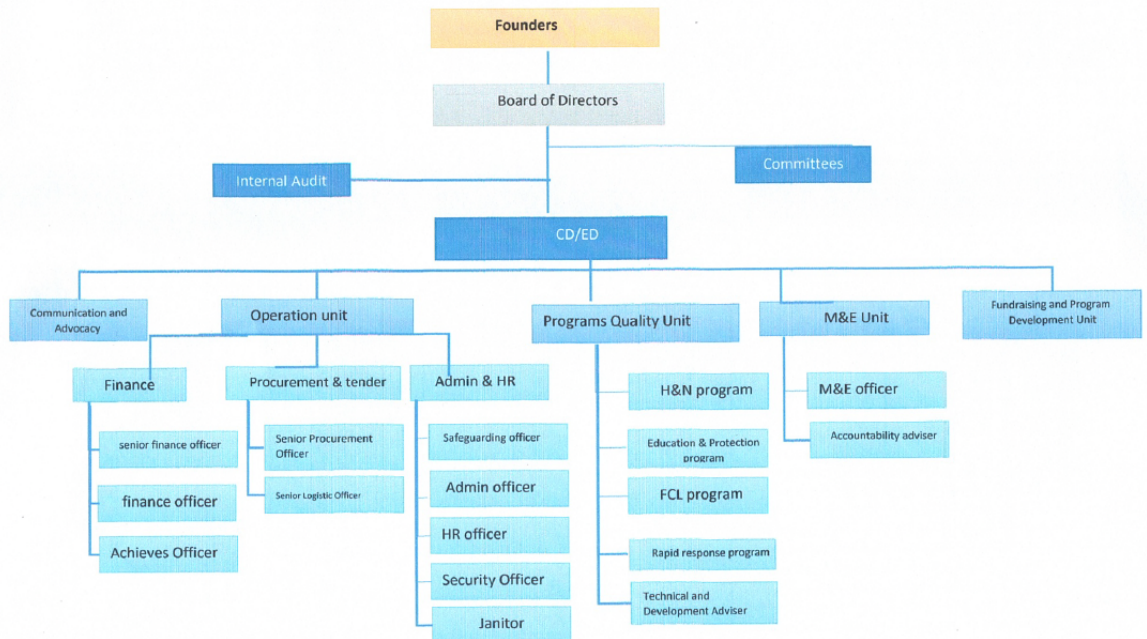
3.3 Key internal quality assurance, internal control and risk management mechanisms	BFD has a Risk Management Policy, which is articulated around 3 risk identification levels:

BFD has a Risk Management Policy, which is articulated around 3 risk identification levels:

- The external and internal audit findings, established by the internal audit teams or by external auditors, which are followed by a management response detailing the planned action to correct the gaps identified. While the external audits focus on financials, the internal audit scope is wider and includes finance, administration, logistics, governance, project implementation, and monitoring and evaluation. BFD has an internal audit unit, currently consisting of two persons, that directly report to the Executive Director and the RCC. The internal audit activities are guided by the Internal Control Framework and the Internal Audit Charter.

- The risk register of each project, which is established by the project manager with the support of the programme manager. It is developed based on BFD's participative assessment, knowledge of the context and conflict dynamics, and specificity of the project.

- The Overall Risk Register, which is developed by the internal audit unit in collaboration with the other units of BFD, whereby each unit defines the risks it identifies. The risks identified at project level are also included in the Overall Risk Register.

The risk registers are reviewed and discussed by the RCC before they are submitted and discussed with the BoT, at least every quarter, or at *ad hoc* meetings if there is an important concern to be addressed.

BFD has several internal control mechanisms regarding finance, accounting and procurement, the respect of which is reviewed during internal and external audits. It includes procurement signature thresholds, segregation of duties, prevention, and reporting of conflict of interests, feedback and complaint channels, whistleblowing channels, anti-fraud, anti-corruption and anti-money laundering processes.

Regarding policy development, the BoT authorises the policy development committee to launch a policy development or a policy revision process according to identified needs. The committee either

drafts the policy itself, or contracts consultants to do so. The policies are then reviewed by the BoT for accuracy and final approval.

BFD has a Programme Department, which oversees the quality of the design and of the implementation of the projects, along with the Monitoring and Evaluation Department. BFD has developed several documents to provide guidelines and clarify expectations regarding project quality, such as the Project Life Cycle Manual, the Monitoring, Evaluation, Learning and Accountability Manual, the Accountability and Feedback and Complaint Mechanism Guideline.

BFD's staff onboarding is an important step in the organisation's quality assurance mechanism. New staff are onboarded according to the onboarding checklist, which includes a briefing on important policies, such as the Code of Conduct, Child Protection Policy, Conflict of Interest Policy and Misconduct policies. BFD's staff is then required to pursue mandatory trainings at the beginning of their contracts. BFD's staff is also required to take refresher trainings during their contract. The mandatory trainings cover topics such as safeguarding, prevention of sexual exploitation, abuse and harassment, corruption prevention, information security, Core Humanitarian Standard, staff safety and security, and program quality and accountability.

3.4 Work with partner organisations	BFD implements its assistance directly, except for some programmes which are implemented in consortium. In the case BFD takes part in a consortium, *ad hoc* Memorandums of Understandings are established with the lead organisation of the consortium.

4. Overall performance of the organisation

4.1 Effectiveness of the governance, internal quality assurance and risk management of the organisation	At stage 1 of this initial audit (2022), the auditors raised 3 Major CARs related to Commitment 3, Commitment 5 and one at the organisational level (M2022, M2022-3.7 and M2022-5.4) and 2 Minor CARs (see chapter 5 Summary of non-conformities). The Major CAR (M2022) had been raised at organisational level on the grounds that the governance bodies' composition and responsibilities were not clear; and that the policy framework of the organisation was not consistent nor applied throughout the organisation. BFD has taken a learning approach to these findings. The organisation has developed an action plan and taken clear corrective actions within a six-months deadline from the end of stage 1. As corrective actions to the lack of transparency of the governing bodies (M2022): BFD has developed a Governance Guideline, which lays out the composition, responsibilities, and meeting expectations of each of BFD's bodies. The BoT and the RCC, the Policy Development Committee and the Program Development Committee have documented their last meetings through minutes. Each committee has a workplan for 2023, which includes quarterly meetings and is aligned with BFD's strategic cycles. The workplans also include the midterm review of the strategic planning and annual organisational performance reviews. The BoT and the committees' composition and duties are known by staff. It is to be noted that some documents that were existing but not provided at stage 1 of this audit were provided at stage 2, such as meeting minutes and communication on BoT's committees composition. As corrective actions to the lack of consistency and application of BFD's policy framework (M2022 and M2022-3.7): BFD has clarified the composition and role of the Policy Development Committee (see above) and has developed a Policies Designing and Developing Guide which lays out what are the underlying principles and key documents each policy must abide to, what is the process for developing policies, from design to implementation and review, and what body is responsible for each step. Since Stage 1, BFD has organised the review of several policies that had been noted inconsistent or misleading (Policy on the Prevention of Sexual Exploitation, Abuse and Harassment (PSEAH), Whistleblowing Policy, Safeguarding Policy, Environmental Management Policy). BFD has also developed new policies or replaced irrelevant ones to address gaps in its policy framework (Do No Harm Policy, Investigation Standard Operating Procedures) and has improved policies based on observations raised at stage 1 (Accountability Policy, Monitoring, Evaluation, Accountability and Learning Guideline, Code of Conduct (CoC)). BFD has also started the roll-out of a large-scale staff training on the

policy framework linked to safeguarding, including on the CoC and on the Accountability and Feedback and Complaints Mechanism (FCM) Guideline.

These corrective actions have sufficiently addressed both the organisational Major CAR M2022 and Major CAR 2022-3.7, which are consequently closed.

However, there has been no change in BFD's internal quality assurance system to identify inconsistencies in its policy framework (i.e., to rely on its internal audits); despite that this strategy has not yielded results in the past. Furthermore, we note that two of the three RCC members; namely the internal auditor and the financial manager, are in conflicting positions of controlling and of being controlled. Indeed, the internal auditor has the responsibility to implement internal audits which aim at controlling the work of the finances department, amongst others, while the RCC's responsibilities is to supervise the work of the internal auditor. Hence, the composition of the Risk and Compliance Committee is leading to potential conflicts of interest between the finances and internal audit functions. Both these issues have been raised as a Minor CAR under Commitment 9.6 (2023-9.6).

As corrective actions to inconsistencies found in BFD's complaints handling process (M2022-5.4):

BFD updated several policies, including the Accountability and FCM (Feedback and Complaint Mechanism) Guideline, AAP (Accountability to Affected People) into Project Life Cycle Guideline, Safeguarding Policy, SEA's investigation SOPs (Standard Operating Procedures), and PSEAH Policy. The Accountability and FCM Guideline outlines the complaints handling process, however, it does not specify the timeline for responding to different types of complaints or the complainant's right to appeal. The PSEAH Policy demonstrates BFD's commitment to confidentiality and safety during complaint processing and investigation. The SEA's investigation SOPs provide guidelines for complaint evaluation and investigation teams' formation. The Safeguarding Policy specifies measures to protect at-risk communities from harm and clearer channels to raise safeguarding concerns. BFD conducted internal and external training sessions for staff, community members and community committees and appointed a safeguarding officer to oversee policy implementation and conduct trainings for all staff.

These corrective actions have sufficiently addressed Major CAR M2022-5.4, which is consequently closed. However, the updated policies are not yet consistently known and implemented across all projects and a Minor CAR remains (Minor CAR 2023-5.4).

Regarding other internal quality assurance processes:

The audit finds that processes related to programme management and programme quality, such as monitoring and evaluation practices, technical oversight of project staff, context and needs assessments, and design of relevant projects are in place. BFD's risk management process is closely linked to its security management, both processes being in place and being key drivers of BFD's day to day work and approach of accountability. BFD's financial quality assurance mechanisms are in place and regularly scrutinised by third parties, along with its human resources and procurement policies.

It is noteworthy that interviews have shown that BFD's organisational culture is oriented toward a learning culture and that the results of internal and external audits, or other third-party recommendations are handled as important information which are translated into action points.

4.2 Level of implementation of the CHS	BFD fully complies with the CHS in the areas of needs assessments, stakeholders' identification, and relevance of project design (Commitment 1). The organisation also fully complies with the CHS in the areas of coordination with the humanitarian communities, local authorities, and other stakeholders, and in ensuring that its assistance is complementary to others and that it refers unmet needs to the humanitarian community (Commitment 6).
	BFD's performance is strong when it comes to taking into account constraints and risks in project design and implementation, along with its capacity to monitor and evaluate the projects (Commitment 2 and 7).
	While BFD's performance is strong on its strategic commitment and activities regarding building resilience and taking into account local capacities and local actors in the design and implementation of its projects, it can be strengthened on how BFD ensures that its data

protection policy is in place (Commitment 3); and concerning the roll-out of its newly updated Environmental Management Policy (Commitment 3 and 9). The audit also finds that the communities interviewed were well informed on BFD's commitments, the projects it implements, the expected behaviour of staff and its complaint mechanism. BFD also ensures representation of communities is equal by setting up communities' committees, coordinating with local and customary authorities in its areas of intervention, and ensuring that its project team include female staff (Commitment 4 and 5). However, Minor CARs have been raised regarding shortcomings in the roll out and completeness of the Accountability and FCM Guideline and Safeguarding Policy (Minor CARs 2023-5.3, 2023-5.4, 2023-8.7).

BFD has a set of coherent policies and processes regarding PSEAH, and BFD staff were able to explain how they approach this topic with communities, and communities were aware of BFD's commitments on PSEAH and how they could file sensitive complaints to BFD. However, BFD's complaint mechanism is not fully in place regarding ensuring timeliness of complaints management, rolling out the staff training on complaints handling and on newly updated policies such as the Safeguarding Policy, and ensuring that short term staff receive induction on the Code of Conduct.

BFD has several processes and strategic commitments in place to mainstream its localisation agenda and foster gender and diversity, such as capacities assessments, training activities, strategic localisation or design of its activities (e.g. covering remote areas through mobile teams, involving technical referees from governorates, ensuring female staff are part of field teams, etc.)

BFD has defined commitments and set up processes regarding do no harm, such as having a Code of Conduct and several policies and guidelines related to complaints handling, protection and investigation, and risk registers that identify a number of risks related to do no harm.

4.3 Performance against each CHS Commitment

Commitment	Strong points and areas for improvement	Feedback from communities	Average score*
Commitment 1: Humanitarian assistance is appropriate and relevant	BFD's Constitution, Strategic Plann 2022-2024, Project Life Cycle Manual and Gender Policy commit to and provide tools and processes to deliver impartial assistance based on needs and context analysis. BFD has a risk management process which includes risks related to projects, and which is linked with a number of security processes that ensure an ongoing review of context and risks. BFD also conducts systematic, objective and ongoing analysis of the context and stakeholders through its participation in national and local coordination and supervision forums with international, national and local actors. BFD designs programmes based on impartial needs assessments, and further targeting criteria are defined through elected community committees that represent the different groups in the community. BFD regularly reviews its context and stakeholders' analysis through the monthly project meetings, where possible and necessary adaptations are discussed between project and operations staff.	The communities interviewed confirmed that they had discussed needs, constraints and risks with BFD and that some had witnessed programme adaptations to respond to constraints or a changing context.	3.0
Commitment 2: Humanitarian	BFD's MEAL Policy, MEAL Guideline and PLCM (Project Life Cycle Manual) describe BFD's commitment towards monitoring and	The communities interviewed confirmed that programmes were	2.7

response is effective and timely	evaluations and towards adapting programmes according to its findings. BFD has a defined programme development process and a set of templates that support staff in developing programmes that are in line with organisational capacities. BFD ensures it designs programmes according to constraints by ensuring the participation of communities and collaboration with authorities and other stakeholders in the area of intervention. BFD has set up a number of processes to ensure timely decision making, such as procurement procedures with possible waivers in time of emergencies. BFD ensures it applies relevant technical standards in its work by abiding by recognised standards developed through international or national processes, and by appointing technical staff as head of programmes. BFD has a monitoring and evaluation system in place, which includes post distribution monitoring, evaluations, supervising staff visits, and market surveys.	adequately designed, and that they regularly participate in activities related to sharing feedback, such as monitoring or evaluation. They perceived that the programmes were well executed. Some of the community members interviewed had experienced referrals through BFD. Several of the community members interviewed found that the delivery of assistance had not been timely.	
Commitment 3: Humanitarian response strengthens local capacities and avoids negative effects	BFD has policies to prevent programmes having negative effects, such as the Accountability and FCM Guideline, the Policy on PSEAH, the Whistleblowing Policy, the Child Protection Policy and the Do no Harm Policy. BFD has an IT Policy and a Data Protection Policy which lay out the principles and guidelines for safeguarding personal information collected from communities. The relevant staff could explain how they protect the data they handle. However, there is no evidence that the monitoring system highlighted in BFD's policies (i.e. spot-checks and data audits) is taking place. BFD is committed to building local capacities at all levels, as demonstrated by its Strategic Plan 2022-2024 and the details it provides on how BFD aims at implementing the humanitarian-development-peace nexus through building resilience. BFD designs its programmes according to the identification of capacities and gaps at community level. Since BFD's funding comes from institutional sources, there are limitations on the extent to which BFD can anticipate the continuation and content of projects. However, BFD further expresses its concerns and the unmet needs of the communities through coordination forums. BFD has systems to identify unintended negative effects of its projects, except in the area of the environment, for which BFD has no consistent processes in place to identify unintended negative effects of its assistance on the environment.	The communities interviewed confirmed that BFD's programmes provide services aimed at both humanitarian assistance and future resilience, for instance through the provision of training and livelihoods inputs. However, for some projects, the communities were not aware of the project's end date and of the exit strategy that had been determined, and they expressed concern on their dependency to the projects. The communities were not consistently aware of how their data could be used.	2.6

Commitment 4: Humanitarian response is based on communication, participation and feedback	BFD has processes in place for community engagement and information-sharing, including PLCM, Accountability and FCM Guideline, and Communication Guideline. These guidelines aim to promote open communication and engagement with communities while respecting their dignity. BFD is committed to working with communities and partners to incorporate their views in program decisions and BFD offers multiple channels to encourage feedback from affected communities, such as community consultations, phone calls, social media, complaints, and feedback boxes. BFD disseminates information to communities and affected populations regarding its organisation, principles, staff behaviour and programmes through various channels like social media, websites, posters, and newsletters, and in different service areas like health clinics, schools, and residential areas. BFD's website and social media platforms display material that is respectful and culturally appropriate. BFD communicates in languages, formats, and media that are easily understood and culturally appropriate.	The communities interviewed reported receiving printed materials containing information about BFD, including the principles it commits to, the expected behaviour of staff, the Code of Conduct, and the targeting criteria. However, not all communities were aware of the expected project deliverables. The communities interviewed reported that BFD staff request verbal consent before taking photographs, but there is no explanation given about the purpose and use of these photographs.	2.6
Commitment 5: Complaints are welcomed and addressed	BFD has policies to ensure complaints are welcomed and addressed, such as the Accountability and FCM Guideline, the Policy on PSEAH, the AAP into Project Life Cycle Guideline, the SEA's investigation SOPs, the Safeguarding Policy, and the Whistleblowing Policy. BFD has established various channels for receiving complaints, comments, and reactions from affected communities, such as the free hotline number, WhatsApp, social media (Facebook, Twitter), email, SMS, in-field FCM boxes, interviews, surveys, field surveys, and remote interviews. However, the FCM does not clearly specify the timeline for responding to different types of complaints. BFD allocates resources and implements activities to promote accountability and raise awareness of its complaint handling mechanisms, PSEAH Policy, as well as the expected conduct of staff, through advertising, and distribution of posters, banners, pamphlets, and flyers. Additionally, BFD conducts training sessions for staff, community committees and people affected by crisis at the program level. BFD has SEA Referral SOPs that addresses ethical safety, and confidentiality considerations and establishes mechanisms for assisting and referring cases of social violence. BFD adheres to the Inter-Agency Guidelines for Case Management and Child Protection when referring and reporting allegations of violence and sexual exploitation.	The communities interviewed are aware of the complaint's mechanism and channels available, identified different types of complaints, understood the staff's expected behaviours and what constitutes misconduct, and they praised BFD staff morale. The communities interviewed were not clear on the timelines for responding to complaints.	2.3

	However, not all staff are equally aware of the complaints handling mechanism and related Accountability and FCM Guideline and Safeguarding Policy.		
Commitment 6: Humanitarian response is coordinated and complementary	BFD's Strategic Plan 2022-2024 commits to collaboration with all stakeholders, including government authorities, INGOs, community leaders and influencers, and community committees, to ensure BFD's presence in the Yemeni governorates. This includes identifying needs, implementing follow-up, evaluating the intervention, and creating capacity to ensure its sustainability. BFD identifies the roles and responsibilities of stakeholders at international, country and community levels in strategic plans, contingency plans, and response plans. BFD conducts stakeholders' analysis to identify roles, responsibilities, capacities, and interests of stakeholders in the project implementation and aligns its projects with the national Humanitarian Response Plan. BFD shares necessary information with partners, coordination groups and other relevant actors through appropriate communication channel and has mechanisms to maintain its independence as well as the integrity of the decision-making process.	The communities interviewed indicated that there are no programme overlaps and no duplication of assistance from other organisations and that BFD coordinates with relevant actors at governorates and ministries, prior to implementation.	3.0
Commitment 7: Humanitarian actors continuously learn and improve	BFD has a MEAL Policy and a MEAL Guideline which both highlight how findings from MEAL activities have to inform the adaptation of projects and future project design. Furthermore, BFD staff share lessons learned and challenges during monthly project meetings and formalise these findings and subsequent adaptations in project reports. BFD's Head of Programme and Grant Manager are included both in project reporting and project development, which enables them to draw on lessons learnt when designing programmes. Findings from learning and innovation are shared through clusters and with local authorities. However, they are not consistently shared with communities' committees or community members. BFD operates in a digital environment that is organised by project or departmental teams, which all have dedicated channels to share and store information. The staff interviewed explained that they found it easy to access knowledge in the organisation.	The communities interviewed explained that they were satisfied with the projects, and that in some cases where they had some challenges, they had witnessed some changes in the project, within the limits of available funding. The communities interviewed were not consistently aware if learnings from the project had been shared with them.	2.7
Commitment 8: Staff are supported to do their job effectively, and	BFD has developed policies and procedures for key human resource functions such as, HR Manual, Code of Conduct, Disability and Inclusion Policy. The Strategic Plan 2022-2024 includes an objective to build and strengthen the technical capacities of humanitarian staff; however, BFD lacks needs-based training plan and records of training needs analysis for its	The communities interviewed praised the competencies and technical skills of BFD staff, regarding them as respectful and skilled.	2.4

are treated fairly and equitably	staff. BFD's permanent staff are knowledgeable on key policies and on the consequences of not adhering to them. However, the system to ensure that short term employees receive induction on the Code of Conduct and on important policies is not yet in place, and BFD has not yet trained all its employees on the updated Whistleblowing and Safeguarding Policies. BFD's HR Manual lays out fair, transparent, and non-discriminatory practices, and the manual is approved by the relevant authorities to ensure it complies with Yemeni law. It defines formal policies and procedures for key human resource functions such as workforce planning, recruiting, employee selection, performance management, learning and development, recognition, health and safety, employee wellbeing, transition, and termination. BFD has job descriptions for each position and has a performance appraisal system in place to evaluate and improve the performance of current employees.		
Commitment 9: Resources are managed and used responsibly for their intended purpose	BFD has policies and processes to frame the use and management of resources, such as its Code of Conduct, Counter-Terrorism Policy, Anti-Money Laundering Policy, Environmental Management Policy, Procurement Manual, Financial Manual and Conflict of Interest Policy. BFD has processes in line with its policies, such as regular internal and external audits, risk management processes, procurement and accounting processes which includes disbursement thresholds and segregation of duties. However, the composition of the RCC hosts a conflict of interest (see section 4.1), and BFD's quality assurance to ensure the integrity of its policy framework is not in place. BFD has an Environmental Management Policy that comprises a framework for regulating and monitoring BFD's interactions with the environment; however, this policy is not yet consistently known by staff and applied across projects.	The communities interviewed reported that BFD is environmentally responsible, and that construction waste is regularly cleaned and disposed of. They have not observed BFD employees engaging in fraudulent conduct. The communities interviewed believe BFD is not wasteful and uses resources responsibly and appropriately.	2.3

* <u>Note</u>: Average scores are a sum of the scores per commitment divided by the number of indicators in each Commitment, except when one of the indicators of a commitment scores 0 or if several scores 1 on the indicators of a Commitment lead to the issuance of a major non-conformity/ weakness at the level of the Commitment. In these two cases the overall score for the Commitment is 0.

5. Summary of non-conformities

Corrective Action Request (CAR)*	Type	Resolution due date	Date closed out	Status
M2022: BFD's governance bodies do not ensure sufficient transparency of their functioning and composition, and do not ensure that the policy framework of the organisation is consistent and applied throughout the organisation;	Major	2023/01/25	2023/04/28	Closed
M2022-3.7: Policies, strategies and guidance to prevent programmes having negative effects are not in place.	Major	2023/02/25	2023/04/28	Closed
M2022-5.4: The complaints-handling process is not in place.	Major	2023/01/25	2023/04/28	Closed
2023-5.3: BFD's processes do not ensure that complaints' handling is timely and that it prioritises the safety or perception of safety of the complainant.	Minor	2026/04/28		New
2023-5.4: BFD's complaint handling process is not yet fully in place.	Minor	2026/04/28		New
2022-8.7: There is no system to ensure that short-term project employees are onboarded on the Code of Conduct.	Minor	2026/04/28		Extended
2022-9.6: BFD Environment Management Policy is not in place and BFD does not have a guideline or strategy on how it ensures that the acceptance of resources does not compromise its independence.	Minor	2023/01/25	2023/04/28	Closed
2023-9.6: The composition of the Risk and Compliance Committee is leading to potential conflicts of interest between the finances and internal audit functions, and the quality assurance system to ensure the integrity of BFD's policy framework is not in place.	Minor	2026/04/28		New
Total Number of CARs	**4 Minor CARs**			

* <u>Note</u>: The CARs are completed by the audit team based on the findings. The audited partner is required to respond with a Management Response for each CAR to HQAI before a certificate is issued (reference: HQAI Procedure 114).

6. Recommendation for next audit

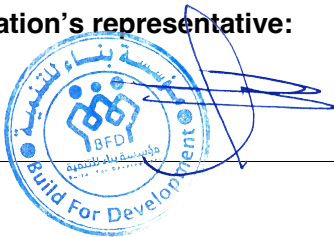|	
Sampling	This audit has sampled and applied equal scrutiny to 4 projects, which was above the recommendation from the HQAI sampling guidelines, to compensate for other risks to the audit. It is recommended that the next audit samples as per the HQAI sampling guidelines.
Any other specificities to be considered in the next audit	Given the numerous changes implemented by BFD in between Stage 1 and Stage 2 of this audit, including on revising its policy framework, the next audit should include in its focus if BFD has managed to systematically implement those changes and make its updated policies known and applied.

7. Lead auditor recommendation

CERTIFICATION	
In our opinion, Building Foundation for Development conforms with the requirements of the Core Humanitarian Standard on Quality and Accountability.	
We recommend certification.	
Name and signature of lead auditor:	**Date and place:**
Marie Grasmuck	April 28, 2023, France.

8. HQAI decision

HQAI decision:	☒ Certification preconditioned to the provision of a management response ☐ Certification preconditioned to the closure of Major CAR
Management response expected by: 2023/06/19	
Name and signature of HQAI Deputy Director: Désirée Walter	**Date and place:** Geneva, 17 May 2023
Final decision on certification:	☒ Issued ☐ Refused
Start date of the certification cycle: 2023-06-06 Next audit before: 2024-06-06	
Name and signature of HQAI Deputy Director: Désirée Walter	**Date and place:** Geneva, 6 June 2023

9. Acknowledgement of the report by the organisation

Space reserved for the organisation	
Any reservations regarding the audit findings and/or any remarks regarding the behaviour of the HQAI audit team: *If yes, please give details:*	☐ Yes ☑ No
Acknowledgement and Acceptance of Findings: I acknowledge and understand the findings of the audit I accept the findings of the audit	 ☑ Yes ☐ No ☑ Yes ☐ No
Name and signature of the organisation's representative: Ali Ahmed Qasem Al-Mandaleeq	**Date and place:** Sana'a-Yemen 24-05-2023

Appeal

In case of disagreement with the decision on certification, the organisation can appeal to HQAI within 14 days after being informed of the decision. HQAI will investigate the content of the appeal and propose a solution within 10 days after receiving the appeal.

If the solution is deemed not to be satisfactory, the organisation can inform HQAI in writing within 30 days after being informed of the proposed solution, of their intention to maintain the appeal.

HQAI will transmit the case to the Chair of the Advisory and Complaint Board who will constitute a panel made of at least two experts who have no conflict of interest in the case in question. These will strive to come to a decision within 30 days.

The details of the Appeals Procedure can be found in document PRO049 – Appeal Procedure.

Annex 1: Explanation of the scoring scale*

Scores	Meaning: for all verification scheme options	Technical meaning for all independent verification and certification audits
0	Your organisation does not work towards applying the CHS commitment.	**Score 0:** indicates a weakness that is so significant that the organisation is unable to meet the commitment. This leads to: • **Independent verification:** major weakness. • **Certification:** major non-conformity, leading to a major corrective action request (CAR) – No certificate can be issue or immediate suspension of certificate.
1	Your organisation is making efforts towards applying this requirement, but these are not systematic.	**Score 1:** indicates a weakness that does not immediately compromise the integrity of the commitment but requires to be corrected to ensure the organisation can continuously deliver against it. This leads to: • **Independent verification**: minor weakness • **Certification:** minor non-conformity, leading to a minor corrective action request (CAR).
2	Your organisation is making systematic efforts towards applying this requirement, but certain key points are still not addressed.	**Score 2:** indicates an issue that deserves attention but does not currently compromise the conformity with the requirement. This leads to: • **Independent verification and certification:** observation.
3	Your organisation conforms to this requirement, and organisational systems ensure that it is met throughout the organisation and over time – the requirement is fulfilled.	**Score 3:** indicates full conformity with the requirement. This leads to: • **Independent verification and certification:** conformity.
4	Your organisation's work goes beyond the intent of this requirement and demonstrates innovation. It is applied in an exemplary way across the organisation and organisational systems ensure high quality is maintained across the organisation and over time.	**Score 4:** indicates an exemplary performance in the application of the requirement.

* Scoring Scale from the CHSA Verification Scheme 2020