Norwegian Church Aid (NCA)
Recertification Audit STAGE 1 – Summary Report 2021/07/07

This is the Stage One Report of the Recertification Audit. It includes the findings from the first phase of the audit process, which scope is limited to the open non-conformities (CARs) and relevant policy-level requirements. If no major non-conformity is identified at Stage One, the HQAI certificate is renewed.

Stage Two of the Recertification Audit will include onsite visits for example to the Head Office and a sample of country programmes. Upon completion of Stage Two, a final audit report will present all the complete findings of the audit and final conclusions on the performance of the organisation against all commitments of the CHS.

If major non-conformities are identified at Stage 2 of the audit process, the certificate will be suspended, possibly withdrawn following HQAI established procedure (PRO116 – Issuance, suspension, reinstatement and withdrawal of certificates).

1. General information

1.1 Organisation

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

Head office location	Oslo, Norway		
Total number of country programmes	**27 Countries (2021)** This does not include regional offices	**Total number of staff**	**779** (2021) **Head Office** – 158 **Country Offices** – 621

1.2 Audit team

Lead auditor	Joanne O'Flannagan
Second auditor	Francesco Dagostino
Third auditor	N/A
Observer	N/A
Expert	N/A
Witness / other	Claire Goudsmit (HQAI, Supervision)

1.3 Scope of the audit

CHS Verification Scheme	Certification
Audit cycle	Second
Phase of the audit	Recertification
Extraordinary or other type of audit	N/A

1.4 Interviews conducted during Stage 1

Position / level of interviewees	Number of interviewees		Onsite or remote
	Female	Male	
Head Office			
Management	4	4	Remote
Staff	3	2	Remote
Country Programme Office(s)			
Management	0	0	
Staff			
Partner staff			
Others			
Total number of interviewees	**7**	**6**	

1.5 Opening meeting

Date	2021/04/19
Location	Remote
Number of participants	62
Any substantive issues arising	None

2. Background information on the organisation

|	
2.1 General information	Norwegian Church Aid (NCA) is an independent diaconal organisation providing emergency assistance in disasters and working for long-term development with local communities to address the root causes of poverty. NCA Head Office (HO) is legally registered as a diaconal organisation in accordance with Norwegian legislation; Country Offices (CO) are registered as non-profit organisations according to relevant national laws and regulations.
	NCA was established in 1947 and is headquartered in Oslo, Norway. It is mandated by Norwegian churches and Christian organisations. NCA's global strategy, *Faith in Action*, articulates NCA's commitment to putting people affected by crisis, and their needs, at the centre of their humanitarian response programmes. NCA currently operates in 27 countries, with a focus on six main thematic areas: Climate Resilient Water; Sanitation and Hygiene (WASH); Gender-Based Violence; Peacebuilding; Climate Smart Economic Empowerment Faith-Based Climate Action and Fighting Inequality.
	NCA is affiliated with the World Council of Churches, is a founding member of the ACT Alliance, comprised of more than 110 organisations working in long-term development and humanitarian assistance, and is a member of Voluntary Organisations in Cooperation in Emergencies (VOICE), a network of 88 NGOs promoting effective humanitarian aid, as well as the International Council of Voluntary Agencies (ICVA), a network of over 100 NGO members whose mission is to make humanitarian action more principled and effective.
	NCA's budget for 2021 is approximately 1,100 million NOK (c. 110 million Euro) employing 779 staff both in Norway and overseas, of which 557 (90%) are national staff and 56 (10%) are international staff. NCA works with 230 partners globally.
2.2 Governance and management structure	NCA continues to demonstrate its commitment to the CHS across all aspects of its work and to strengthen its management structures and processes for quality and accountability.
	Since the Mid-Term Audit (MTA) (2019) and Maintenance Audit (MA) (2020) NCA has instituted a number of initiatives in relation to organisational governance and management processes, to inform strategic decision making and resource allocation at a global level. The previous Department of Politics and Society (i.e., advocacy) and the Department of Communications have been merged into one, the Department for Communications and Politics, with two divisions under the responsibility of one Director. This change is accompanied by the development of new strategies for both communications and advocacy (2021). Quarterly reporting to the Board of Directors has been revised, as of the first quarter of 2021, to ensure a more comprehensive but succinct summary of critical issues for Board awareness including a short management summary and brief sections on finance, security, complaints, compliance, corruption, HR, GDPR; the section on risk outlines a clear update on identified risks and mitigation activities over the previous quarter.
	While the impact of the recent management initiatives is yet to be fully realised, three main work streams have been identified by NCA, for the period 2020-2021, as critically important in addressing compliance, risk management and global governance in a more formalised and systematic way; these are:
	• Streamlining of communication between HO and COs, with the introduction of the *Global Management Dialogue, Annual Assignment Letters* and the *Global Annual Calendar.*

- Comprehensive revision and digitalisation of NCA's *Operations Manual* (OM) to increase user accessibility and adherence to mandatory procedures: a clear link is provided between CHS indicators and organisational requirements.
- A reformed *Global Leadership Platform* with a focus on key areas of leadership to support leaders to address gaps; it aims to stimulate dialogue and support management at all levels of the organisation, with workshops, trainings, mentoring, etc.

The findings of previous HQAI audits in conjunction with evolving donor requirements, have had a significant impact on NCA. Most recently this led to the refinement and consolidation of NCA's *Complaint Handling Mechanism* and standardisation of complaint processing procedures, which represent one of the organisation's most significant achievements in relation to compliance with the requirements of the CHS. Furthermore, a comprehensive cross-departmental action plan was developed to address previous audit findings, which has led, among other initiatives, to:

- Development of new organisational policies, including the *Protection from Sexual Harassment, Exploitation and Abuse (PSHEA) and Child Safeguarding (CS) Policy* (2021), and the *Climate and Environment Policy* (2021).
- Appointment of a *Senior Civil Society and Programme Sustainability Advisor (*October 2020), tasked with translating the CHS commitments into programme management tools and templates, and adapting these for COs, complementing and strengthening the work of the existing *Complaints & Accountability Advisor*.
- CHS commitments fully embedded throughout the revised *Operations Manual (OM).* The OM is NCA's comprehensive handbook of mandatory quality requirements and templates at CO level for all programmes and operations. It includes chapters on monitoring and evaluation (M&E); financial management; HR; funding and grants; and partnerships.

The organogram below shows the governance and management structure of NCA.

NORWEGIAN CHURCH AID'S ORGANISATION CHART AS OF 01.01.2021
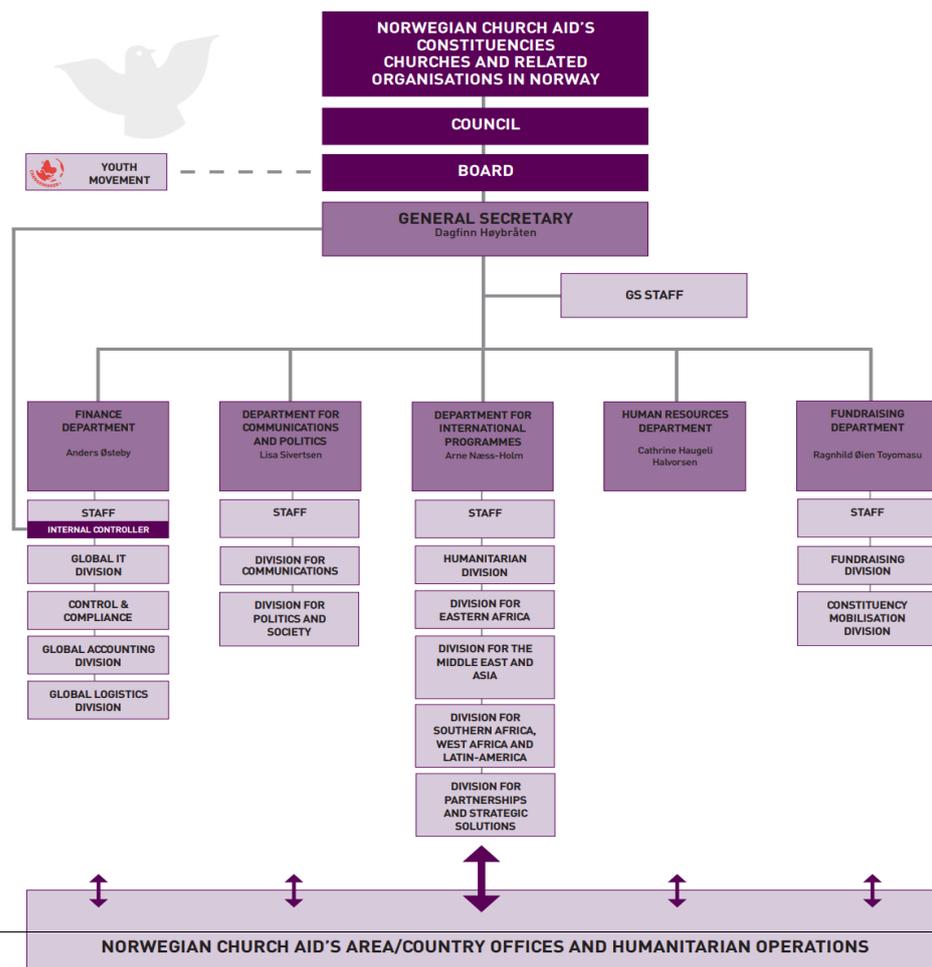
2.3 Internal quality assurance mechanisms and risk management	The MA (2020) noted that the NCA *General Secretary* (*GS*), appointed 2019, was strengthening NCA's compliance on anticorruption, complaint handling, GDPR and internal control by creating new positions, one of which was the appointment of a *Senior Anti-Corruption Advisor*. Since the MA, NCA has continued to implement strategic changes in terms of management controls and quality assurance processes. This includes significant reconfiguration of control and compliance functions with the appointment of senior positions in the Finance Division, including a *Quality Control Manager* (November 2020) and *Divisional Head of Control and Compliance* (March 2021). NCA revised its salary structures to ensure that it can attract and retain experienced capacity in these critical functions. NCA also reviewed and adapted its approach to internal audit with the appointment of an *Internal Controller*, a senior and longstanding member of staff, with significant operational experience of, and insight into, NCA at HO and CO levels. The role of Internal Controller is broader in scope than the previous internal audit function and encompasses management of risk, compliance and global operational efficiency and effectiveness. It extends beyond finance to include other organisational systems and procedures, such as programming and human resources. The position has dual reporting lines to both the *Director of Finance* and the *GS*. The organisation has also initiated longer term planning horizons for global budgeting and costing, with a focus on achieving highest impact while maintaining quality standards, pivoting its accountability focus to place equitable importance on the demands of both donors and rights-holders.

Beginning in 2021, NCA introduced a *Global Management Dialogue* process; the purpose is to improve mutual accountability between NCA HO and COs and to manage strategic risks at a global level. Two high-level meetings are held annually, based on an *Annual Assignment Letter* with the aim of addressing operational issues, which represent strategic risks for NCA The *Annual Assignment Letter* identifies global issues that HO identifies to be of critical importance for risk management for all COs, while COs also identify strategic issues specific to their operational context, and, through a process of consultation, a final letter is prepared and signed for each CO. These two elements address strategic priority issues for the whole organisation, particularly in relation to operational issues and associated risks both to NCA and to rights-holders and are supported by a *Global Annual Calendar* to facilitate coordination, resource planning and information sharing between HO and COs. It offers an overview of what happens, when, and who is involved, including responsibility for sign-off and approval, with embedded links to relevant documents and processes. The calendar is hosted on SharePoint and is accessible to all NCA staff.

At a global level, information management for operational purposes, is served by a new *Project Information and Management System* (PIMS), scheduled for roll-out in mid-2021. PIMS will become the primary tool for NCA programme staff as it will centralise and consolidate all programme/project information and documents in one location. PIMS is built on the SharePoint platform, as is the NCA *Operations Manual*. The system is a tool to facilitate greater integration and efficiency across key quality assurance and risk management policies and procedures. PIMS will also support NCA to monitor the systematic application of mandatory requirements from the *Operations Manual* across all programmes.

At the CO level, risk management is handled in a number of ways:

Security risk management (SRM) for the systematic protection of NCA personnel and assets.
Sustainability standards – a new term adopted by NCA that covers cross-cutting issues, including accountability, gender sensitivity, rights-based approach (RBA), environmental sustainability, Do No Harm (DNH) - which are mandatory requirements for all projects and are described in *Country Strategies* in terms of related risks and mitigations (*Risk Management Annex*).
Risk analysis for projects - risk analysis and mitigation are mandatory in project management and embedded in planning and reporting templates.

NCA has introduced a new *Protection from Sexual Harassment, Exploitation and Abuse (PSHEA) and Child Safeguarding (CS) Policy* (2021) which will accompany the *Code of Conduct* as a companion policy, rollout across the entire organisation will be complete by end of 2021. This means that all staff will be regularly trained and updated on the policy, and it will be signed as part of all contracts of employment, both new and existing. The policy applies to all staff and to all offices of NCA when working with implementing partners in all programme contexts. The policy has been developed to explicitly address and minimise risks of harm to children in particular, and to protect all those that come into contact with NCA, particularly those who may be considered vulnerable, from risks of SHEA. |

2.4 Work with partner organisations	NCA works with around 230 partners globally (2021). Its core strategy for strengthening civil society is anchored around its partnership work, particularly with faith actors who NCA sees as key agents of change. The approach is articulated in NCA's *Programme Framework 2020-2030* and in its new *Civil Society Partnership Policy* (2021). As part of the ongoing OM revision process the chapter on Partnerships has been revised, in particular:
	Partner MoUs, to clarify and formalise expectations between NCA and the partner, focusing on mutual accountability.
	Partner assessment, to cover how partners provide information to rights-holders, and on how they communicate with rights-holders through the *Partnership Assessment Tool* (PAT).
	The *Partner Project Proposal* (PPP) template has also been amended to take account of CHS requirements and NCA *Sustainability Standards*. These initiatives are part of a comprehensive effort on the part of NCA to address the outstanding Minor CAR (5.6) and to ensure that rights-holders are systematically made aware of the expected behaviour of NCA and partner staff, including commitments on the prevention of sexual exploitation and abuse. Progress on the CAR will be more fully assessed in Stage 2 of the audit. The PAT is also used as the basis for establishing partner capacity development plans.
	NCA hosts annual partner meetings between NCA and partner senior staff which also provides an opportunity to review the partner agreement (MoU), to reflect on the quality of partner relations and to clarify expectations in relation to communication, trust, accountability and transparency.

3. Summary of non-conformities on Organisational Responsibilities

Note: this summary is based on the Stage 1 assessment results only and forms the basis for the Stage 2 assessment. The conclusions can potentially change after onsite visits are conducted, as a result of new evidence identified.

Corrective Action Requests (CAR)*	Type	Resolution due date	Date closed out
2017 - 5.6: NCA does not ensure that communities and people affected by crisis are fully aware of the expected behaviour of NCA or partner staff, including commitments on the prevention of sexual exploitation and abuse.	Minor	02-05-2019 Extended 20-05-2021**	- -
Total Number	**1**		

* Note: The CARs are completed by the audit team based on the findings. The audited partner is expected to respond with a Management Response for each CAR to HQAI before a certificate is issued (reference: HQAI Procedure 114)
** The resolution due date is extended because of the substantive efforts made by NCA, as described in this report, but their effect on the ground could not be verified due to the COVID situation.

4. Stage 2 recommendation

Stage 2 is recommended	☒ Yes　　☐ No
Explanation / pre-conditions	Stage One of this Recertification Audit has been carried out in accordance with the agreed audit plan. No significant risks are anticipated in relation to Stage Two. Discussions with NCA in terms of managing the audit process effectively, to ensure potential COVID restrictions or disruptions are taken account of, are ongoing. Further evidence of progress in relation to the

			existing Minor CAR (5.6) will be fully explored in Stage 2, along with all other observations noted in previous audits.
Recommended timeframe for Stage 2			As per agreed Audit Plan: September – November 2021

4.1 Sampling* recommendation for Stage 2

Randomly sampled country programme sites	Included in final sample	Replaced by	Rationale for sampling and selection of sites	Onsite or remote
Palestine	Yes		Palestine has not previously been sampled for an audit. The particular operational model is also useful to assess as NCA works through a joint office model, with ACT Alliance partner Dan Church Aid (DCA). NCA follows DCA routines and procedures in Palestine. This model, which operates in four NCA COs, has not been assessed in previous audits.	Remote
Venezuela	No	Haiti	Venezuela was not selected as this is small and very recent project involving only 2 NCA roster staff, deployed for a short period of time. Replaced by Haiti to maintain geographical spread in the sample, it also provides a more substantial portfolio of work. Further, Haiti is managed through a lead agency model which, from a risk perspective, is valuable in allowing the auditors to assess how NCA works through this kind of operational model. Haiti is the only example of this model of operation in NCA's portfolio.	Remote
Lebanon	No	Tanzania	Lebanon was part of the MA (2020) under the Jordan regional office. Replaced by Tanzania for better geographical coverage as Palestine is already part of the random sample. Further, the MA (2020) recommended to sample a country where NCA implements programmes directly, as well as through partnership.	Onsite

Any other sampling performed for this audit:

Purposive sampling of an additional Country Programme, Southern Africa (remote), for two reasons. Firstly, the sampling rate for recertification audits was amended by HQAI over the period during which sampling took place. In consultation with NCA it was agreed that it would be useful to add an additional CP to the sample particularly considering that onsite assessment in Stage 2 of the audit is unlikely to be feasible due to COVID 19 restrictions on travel. The mandate of the Southern Africa programme is advocacy which is one of the verified mandates of NCA certification.

Sampling risk: None identified.

It is important to note that the audit findings are based on a sample of an organisation's country programmes, its documentation and 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.

5. Lead auditor recommendation

In our opinion, NCA has demonstrated that it continues to conform with the requirements of the Core Humanitarian Standard on Quality and Accountability.

Based on the evidence obtained at this Stage 1, we confirm that we have received reasonable assurance that the organisation has demonstrated that it meets the requirements of the Core Humanitarian Standard on Quality and Accountability.

We recommend renewal of certification.

Name and signature of lead auditor:	Date and place:
Joanne O'Flanagan	2021-06-24 Belfast, Northern Ireland.

6. HQAI approval of report and validation for Stage 2

Report approved	☐ No ☒ Yes	Comments
Stage 2 approved	☐ No ☒ Yes	
Sampling recommendation approved	☐ No ☒ Yes	
Name and signature of HQAI Executive Director: Pierre Hauselmann		Date and place: 2021-07-07 Geneva, Switzerland
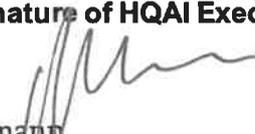
7. Acknowledgement of the report by the organisation

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:	Date and place: 9/8-21, Oslo
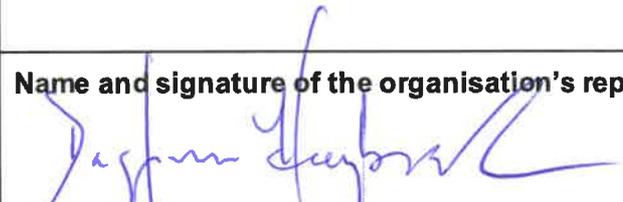
Appeal

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