ACT Alliance Secretariat
Recertification Audit – Summary Report 2021/08/23

This is the Stage One Report of the Recertification Audit. It includes the findings from the first phase of the audit process, which scope covers at a minimum the open non-conformities (CARs). If no major non-conformity is identified at Stage One, the HQAI certificate can be renewed.

Stage Two of the Recertification Audit will include site assessments, which can include Head Office and a sample of country programmes. Upon completion of Stage Two, a final audit report will present 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If major non-conformities are identified at Stage 2 of the audit process, the certificate will be suspended, possibly withdrawn following HQAI established procedure (PRO116 – Issuance, suspension, reinstatement and withdrawal of certificates).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	ACT Alliance is legally registered in Geneva, Switzerland and has a decentralised secretariat (Amman, Bangkok, Nairobi, San Salvador).	
Total number of country programmes	135 members and 3 observers in 120 countries, 52 national, 4 regional, 5 sub-regional and 1 global forum	**Total number of staff** 26

1.2 Audit team

Lead auditor	Nik Rilkoff
Second auditor	Andrew Bradley
Third auditor	
Observer	Claire Goudsmit
Expert	
Witness / other	

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	
Secretariat Offices			
Management	1	2	Remote
Staff	5	3	Remote
Total number of interviewees	**6**	**5**	

1.5 Opening meeting

Date	2021/05/27
Location	Remote
Number of participants	13
Any substantive issues arising	None

2. Background information on the organisation

2.1 General information	ACT Alliance - Action by Churches Together was created in January 2010 bringing together 2 alliances that originally stem from the World Council of Churches (WCC): ACT International (a humanitarian alliance since 1995) and ACT Development (a development alliance created in 2007). The goal of the Alliance is to establish a coordinated platform for ecumenical diakonia, expressing a joint vision to assist people in need and work for a better world.

ACT Alliance's purpose is to create positive and sustainable change in the lives of poor and marginalised people regardless of their religion, politics, gender, race or nationality in keeping with international codes and standards. The current ACT Global Strategy *Hope in Action – Putting People First 2019-2026* is an eight-year strategy that sets the direction for the whole Alliance in response to the global social, economic and political environment.

Drawn from 120 countries, the ACT Alliance currently has 135 members and 3 observers, including a range of churches and church-related organisations providing humanitarian assistance and implementing development and advocacy programmes at local, national and global levels.

The ACT Alliance Secretariat is a registered Association in Switzerland with offices in Nairobi, San Salvador, Bangkok and Amman. It also has staff based in Toronto and New York. ACT Alliance Secretariat holds independent legal presence in Thailand and Jordan and staff working elsewhere are hosted by member organisations through Memoranda of Understanding.

The organisation is currently undergoing significant changes at the funding, operational and finance and human resource system levels.

Financial flows through the ACT Alliance Secretariat have primarily been through Appeals supporting humanitarian assistance (USD11,385,578 - in 2020), with 3% of Appeal funds raised as well as membership fees and voluntary contributions funding the work of the Secretariat (USD3,158,499 in 2020). This model creates financial uncertainty for organisational budgeting, with over 50% of the Secretariat's income based on Appeal projections at the beginning of each financial year, while 80% of the Secretariat budget relates to staff and fixed costs. Declining Appeal funding threatens both the financial viability of the Secretariat as well as ACT Alliance's humanitarian responses. Revision of the ACT Secretariat funding model started in June 2019, to secure stable and predictable funding for the core costs of the Secretariat. A Sustainable Funding Working Group's proposed project-based funding model was endorsed by the Governing Board (GB) in May 2021 and will be shared with the membership before final presentation to the GB in 2022.

Reform of the ACT Alliance Secretariat's Humanitarian Mechanism was also initiated in 2019, driven by members' intentions to support the localisation agenda. The reform covers four pillars: the Rapid Response Fund (RRF), the Appeal process, member consortia and ACT Forums. The focus on the Forum structure noted in the Mid-Term Audit continues, including Forum MOUs, emergency preparedness and response plans (EPRPs) and annual reporting processes, in order to support effective humanitarian assistance. The humanitarian reform process includes an updated EPRP data management platform and revised Operational Guidelines and monitoring system to be rolled out in January 2022.

Following observations in the 2020 financial audit, a new finance system is being rolled out in July 2021 to improve automatic controls. The human resource regulations governing recruitment, contracting and entitlements, staff development and wellbeing are also under review and being updated, with input from the Staff Representative Group (SRG).
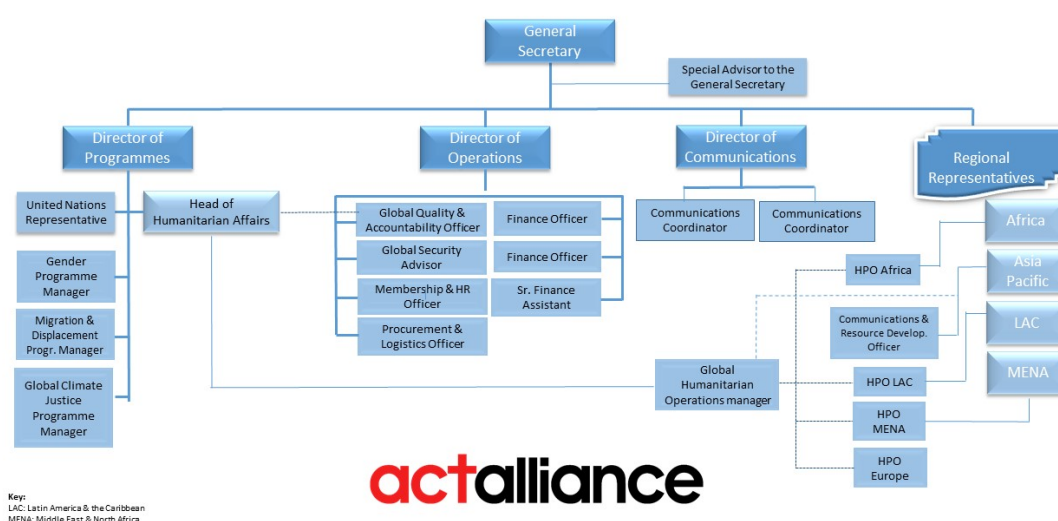
2.2 Governance and management structure

In December 2020, the ACT electronic General Assembly (the highest decision-making body of the alliance) approved changes in the statutes to lengthen the time between physical assemblies from four to six years, introducing an interim electronic assembly every three years. It also approved the inclusion of two seats in the GB assigned to youth, making 22 representatives on the elected GB. Representation on ACT governing bodies, including the GB, Executive Committee and Membership and Nominations Committee (MNC) is predicated on members' engagement and capacity and regional balance.

The GB meets at least once a year and is supported by a smaller Executive Board of up to 7 members. The Secretariat Core Management Team is comprised of the General Secretary and the Directors of Programmes, Operations, and Communications.

Emergency Preparedness and Humanitarian Response is one of six portfolios under the Director of Programmes. The Director of Operations leads Quality & Accountability (Q&A), Finance and Administration including human resource (HR) functions and IT systems and platforms. They also lead membership management and coordinate resource mobilisation and donor relationships and serves as the focal point for complaints with support from the Complaint Handling Committee (a sub-group of the Q&A Reference Group). Implementation of quality and accountability practice in the Secretariat, as well as supporting Forums and members with this, is the remit of the Global Q&A Officer.

Members belong to regional Forums, with their annual membership fee funding Forum-level activities, training and interactions. Annual forum reports are mandatory. From 2022, each Forum will be required to consider both capacities and contingencies in an EPRP on a new digital project management platform established by the Secretariat, prior to being eligible for humanitarian funding. Also to be piloted in 2022, decision-making for humanitarian responses will rest with an Emergency Response Steering Committee. This independent group will both support Forums with membership compliance and advise on whether a response should be funded through the RRF or an Appeal.

ACT Alliance Secretariat Core Organigram

Key:
LAC: Latin America & the Caribbean
MENA: Middle East & North Africa

Changes to the organigram since the 2020 Maintenance Audit (MA) include rationalisation of operational support, the Procurement and Logistics Officer, and Global Humanitarian Operations Manager roles. A planned Compliance Officer recruitment was cancelled due to

	funding constraints during the pandemic. Additionally, roles have been revisited and some responsibilities have been redistributed.
2.3 Internal quality assurance mechanisms and risk management	**Risk management at the ACT Secretariat level:** Risk identification is required at all levels of the ACT Alliance, including programmatic areas, based on context and practices related to the ACT Alliance as a whole, its members and/or the ACT Secretariat. Mitigation actions and strategies are outlined for every risk and responsibility for risk mitigation and management is assigned to different owners.
	For example, the GB owns the risk 'categories' of membership, political, reputational, financial and staffing, although staffing does not feature in the current risk matrix (May 2021). The ACT Secretariat undergoes annual external financial audits, and implements risk-mitigation actions with guidance from the GB. The risk matrix is managed by the Core Management Team, who review it twice a year. Mitigation actions for GB-level risks include sub-delegation to working groups tasked with action, for example the Sustainable Funding Working Group, or the COVID Business Continuity Reference Group. Mitigation of several risks includes a Crisis Communication Plan developed by a Crisis Management Team (Head of Communication, Head of Operations, Global Security Advisor).
	Quality assurance at the ACT Secretariat level: Reference groups support the ACT Secretariat in the thematic and programmatic implementation of the global strategy. They also operationally support the development of implementation plans and policies, training materials, and promoting accountability and standards. The Q&A Reference Group advises and supports the Secretariat on the Q&A component of the global strategy and coordinates with other reference groups on thematic areas of overlap.
	The ACT Alliance Global Strategy (2019-2026) defines ambitions for strengthening quality, accountability, learning and impact, with specific expectations detailed in the Quality & Accountability Framework (QAF). The Secretariat's annual work plan includes activities related to putting the QAF into practice.
	Quality assurance at the ACT Alliance Appeal level: Internal controls include joint monitoring on large and complex appeals, donor compliance checks and audits on all appeals over USD$50,000. Risk-based monitoring of member programmes occurs in the case of a complaint or if a potential issue is identified by Humanitarian Programme Officers (HPOs). The Global Humanitarian Operations Manager and HPOs will roll out the revised humanitarian mechanism and revised PMER system over the course of 2021. This process includes remote management and monitoring approaches and a Forum-level requirement for compliance and online reporting on learning from response to response.
	Quality assurance at the ACT Alliance membership level: Members self-report on aspects of CHS compliance in annual surveys that were updated in 2019 and 2020 to include the Code of Conduct (CoC), complaint-handling mechanisms (CHM), child protection and gender justice. Although the survey is an expectation of membership, in 2020 the completion rate of this survey was 65 members out of 138, or 47%.
	There is also an expectation that ACT Alliance members will adopt changes and learning from monitoring. Examples of this, along with outcomes of membership surveys, are captured in annual reports from the Secretariat to the ACT Alliance GB that holds oversight of members' compliance with the CHS.
2.4 Work with partner organisations	As with previous audits, and agreed between the ACT Alliance Secretariat and HQAI, this Recertification Audit (RA) considers members of the ACT Alliance as partners, as described in the CHS. This understanding acknowledges that the ACT Alliance Secretariat does not have control over the autonomous members of the ACT Alliance, rather, it has influence. ACT

Alliance members are each accountable to their own governance structures as well as to the ACT Alliance Secretariat in terms of the accountability-related obligations of membership.

ACT Alliance membership requires adherence to twenty-one mandatory standards and seven international mandatory standards, including the ACT and ICRC Codes of Conduct and the CHS. The revised ACT Complaints Policy (May 2021) requires that 1) members set up their own complaints systems, which includes consultations with communities and 2) a functioning CRM in place (either the member's or ACT Secretariat's) in order to receive ACT funds.

Members must belong to Forums, and each Forum is required to establish an EPRP: both are also preconditions to receiving funds through an Appeal or the RRF. Forums are also the body through which reference groups and ACT programmes (for example, Q&A and gender) work, learn and share. The Global Q&A Officer supports the humanitarian programme team and Forum members to implement the QAF and develop capacities where gaps exist, through face-to-face trainings, e-learning and coordinated support.

Under certain circumstances membership may be suspended, although awareness-raising and advocacy are more common approaches to enable compliance, along with communication of new and revised policies; development of e-learning and training-of-trainer modules; monitoring regular reports from members and where possible, field visits as required by the scale of an Appeal.

3. Summary of non-conformities

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 site examinations are conducted, as a result of new evidence identified.

Corrective Action Requests (CAR)*	Type	Resolution due date	Date closed out
2019: 2.5b The ACT Alliance Secretariat does not systematically adapt programmes based on monitoring results.	Minor	2021-08-01	
2019: 2.5c ACT Alliance Secretariat does not systematically identify and address poor performance of its members.	Minor	2021-08-01	
2019: 3.6 The ACT Alliance Secretariat does not systematically support members to identify actual unintended negative effects in the areas of: people's safety, security, dignity, and rights; sexual exploitation and abuse by staff; culture, social and political relationships; livelihoods; local economy; the environment.	Minor	2021-08-01	
2019: 5.4 The ACT Alliance Secretariat does not take appropriate action where members are found not to have a documented complaints procedure.	Minor	2021-08-01	2021-07-16
2019: 5.6 The ACT Alliance Secretariat does not take appropriate action when a failure to sign the Code of Conduct is identified and communities are not consistently being made aware of the expected behaviours of staff.	Minor	2021-08-01	
Total Number	**4**		

4. Stage 2 recommendation

Stage 2 is recommended	☒ Yes ☐ No
Explanation / pre-conditions	There are no preconditions for the organisation of Stage Two of the ACT Alliance Secretariat Recertification Audit (RA). Stage One focused on the non-conformities identified in previous audit reports. Interviews and evidence submitted for Stage One of this RA will be added to during Stage Two for assessment of CHS indicators 2.5 and 3.6, however it is not foreseen that any of these CARs pose a risk of Major non-conformity and compromising the certificate. Minor CAR 2019:5.4 Evidence gathered during Stage 1 of this audit is sufficient to close the CAR, in that members without a CHM are now required to promote the use of ACT Alliance Secretariat's CHM while being supported by ACT Secretariat to put a CHM in place. Minor CAR 2019:5.6 - Evidence gathered during Stage 1 of this audit is sufficient to upgrade the CoC aspect of this CAR, however community awareness of the expected behaviour of staff will be confirmed in Stage Two.
Recommended timeframe for Stage 2	Document review July 2021, interviews with ACT Alliance Secretariat regional staff, member staff and community members in August 2021.

4.1 Sampling* recommendation for Stage 2

Randomly sampled country programme sites (Appeals)	Included in final sample	Replaced by	Rationale for sampling and selection of sites	Onsite or remote
Horn of Africa (Locusts)	N	The next on the list, Iraq	Not included in the sample because of the low funding success of the Appeal (1%) indicates low or no activities implemented.	
Iraq Appeal 201	Y -1		Included in the sample because the geographic focus of the Appeal contributes to the diversity of the sample. Relatively significant budget, Appeal 53% funded, indicating humanitarian response is operational.	Remote, interviews and document review
Central America	Y -2		Included in the sample because the geographic focus of the Appeal contributes to the diversity of the sample. Relatively significant budget and Appeal 92.45% funded indicating humanitarian response is operational. Interviews not included given additional cost of translation for staff and communities.	Remote, document review
Philippines Appeal 202	Y -3		Included in the sample because the geographic focus of the Appeal contributes to the diversity of the sample. Relatively significant budget although Appeal 35%	Remote, interviews and

			funded, indicating humanitarian response is operational.	document review
Iraq Appeal 211	N	The next on the list, Global Pandemic	Same ACT Alliance members as Appeal 201 selected above.	
Global Pandemic, funding by country	Y 4&5		Included in the sample because allowed for wider geographic focus, contributing to the diversity of the sample. Countries chosen from the 17 in the Appeal are Tanzania and Somalia.	Remote, document review

Sampling risk:
Given the ongoing Covid-19 pandemic and associated travel restrictions, the Recertification Audit (RA, 2021) is being conducted remotely, using online communication technologies.

Recommendations from the previous audit include to sample regional Secretariat staff in this audit.
Sampling of member staff and community members for interviews will be random, as far as possible, by choosing from lists provided by members although sampling bias is possible in that auditors cannot verify how the list will be 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, ACT Alliance Secretariat has implemented the necessary actions to close one of the minor CAR identified in the previous audit, and is implementing actions to address the remaining minor CAR. No major CAR has been identified at this stage of the audit, however further investigation will be carried out during Stage Two at the selected country Appeal sites.

The ACT Alliance Secretariat continues to conform with the requirements of the Core Humanitarian Standard on Quality and Accountability and we recommend renewal of certification at Stage One of this audit.
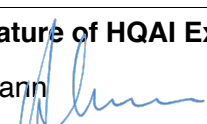
Name and signature of lead auditor:	**Date and place:**
Nik Rilkoff	16 July, 2021 Featherston, New Zealand

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	The second sample (Central America) should include interviews. HQAI will endeavour to find an auditor who is at ease in Spanish and can conduct the interviews without the need of external translation.
Name and signature of HQAI Executive Director: Pierre Hauselmann	**Date and place:** Geneva, 23 August 2021

7. Acknowledgement of the report by the organisation

Space reserved for the organisation	-9-
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	☑ Yes ☐ No
I accept the findings of the audit	☑ Yes ☐ No
Name and signature of the organisation's representative: Rudelmar Bueno de Faria General Secretary, ACT Alliance	**Date and place:** 06/09/2021

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