



Implementing partner non-compliance sanctions

(22 March 2019)

Key points

- The document outlines sanctions imposed on SHF partners for non-compliance findings in relation to their SHF-funded operations.
- The provisions of this annex should be read in conjunction with the section 5.7 of the SHF Operational Manual (Sanctions Measures).

Non-compliance finding	Risk / potential impact	Sanction	Responsible
1. Overdue financial / narrative reports	<ul style="list-style-type: none"> • Lack of accountability for use of funds • Delayed review of projects for disbursement/ closure • Delayed detection of weaknesses in implementation and institution of remedial actions 	<ul style="list-style-type: none"> • Implementing partner (IP) is notified in writing of non-compliance with reporting deadlines. • IP is given 14 days to submit the overdue report • If report is not submitted within 14 days, the IP may be temporarily removed from the eligibility list until report is submitted. • IP risk rating may be revised to a higher level • Further measures may be considered or imposed (permanent removal from eligibility list) 	Fund manager
2. Indication / confirmation of fraud, corruption or misuse of funds	<ul style="list-style-type: none"> • Loss of funds • Bad reputation with donors • Decreased donor contributions • Unmet humanitarian objectives 	<ul style="list-style-type: none"> • Temporary removal from the eligibility list • Pending disbursements to IP put on hold until full resolution • IP is required to cooperate during reviews, audits & investigations • After quantification, recovery of funds is initiated • Reporting to risk management Unit (RMU) and the UN Office of Internal Oversight Services (OIOS) • Referral to in-country authorities (upon investigation) • Further measures may be imposed (suspension of project implementation, permanent removal from eligibility list) 	HC / Fund manager
3. Submission of incorrect information or non-disclosure of necessary information to OCHA.	<ul style="list-style-type: none"> • Non-detection of conflicts of interest • Loss of funds from fraud/corruption • Allocation of funds to organizations without capacity to implement projects • Partnership with non-reputable organizations • Double dipping 	<ul style="list-style-type: none"> • Temporary removal from the eligibility list • Pending disbursements to IP put on hold until full resolution • IP is required to cooperate during reviews, audits & investigations • Further measures may be imposed or considered (suspension of project implementation, permanent removal from eligibility list) 	Fund manager
4. Critical or high risk audit findings/qualified audit opinion	<ul style="list-style-type: none"> • Fraud & misuse of funds • Gaps in internal controls 	<ul style="list-style-type: none"> • IP risk rating is revised to higher level • Temporary removal from the eligibility list if finding points to fraud or misuse of funds and/or until all findings have been adequately addressed 	Fund manager / HFU staff

		<ul style="list-style-type: none"> • Placement on a partner improvement plan to strengthen internal controls • Further investigations/ audits/checks to establish whether actual fraudulent practices have occurred 	
5. Critical findings from monitoring and financial spot-checks	<ul style="list-style-type: none"> • Fraud & misuse of funds • Gaps in internal controls 	<ul style="list-style-type: none"> • IP risk rating is revised to higher level • Removal from eligibility list if finding points to fraud or misuse of funds • Placement on a partner improvement plan to strengthen internal controls • Further investigations/ audits/checks to establish whether actual fraudulent practices have occurred • Further measures may be imposed (suspension of project implementation, permanent removal from eligibility list) 	Fund manager / HFU staff
6. Non-cooperation during audits, investigations, spot-checks & monitoring activities.	<ul style="list-style-type: none"> • Unmediated fraud incidents • Lack of accountability for use of funds 	<ul style="list-style-type: none"> • Temporary removal from eligibility list • Pending disbursements to IP put on hold until full resolution • Demand for refunds • Suspension of implementation of activities • Reporting to Risk Management Unit (RMU) and the UN Office of Internal Oversight Services (OIOS) • Referral to in-country authorities (upon investigation) • Arbitration or amicable settlement • Termination of grant agreement • Further measures may be imposed 	Fund manager
7. Non-refund of unspent or ineligible funds	<ul style="list-style-type: none"> • Loss of funds • Bad reputation with donors 	<ul style="list-style-type: none"> • IP is required to refund within 30 days of notification by OCHA • If 30 days lapse without IP action, temporary removal from eligibility list, pending disbursements to IP stopped until full resolution • After another 60 days of non-action by IP, disbursements to IP in other funds/operational settings put on hold until full resolution • After another 90 days of non-action by IP, IP removed from eligibility list in other funds/operational settings 	Fund manager / FCS
8. Violation of humanitarian principles and breaking codes of conduct, human rights violations	<ul style="list-style-type: none"> • Mistrust and bad reputation with local communities, donors, governments and other stakeholders. • Failure to meet humanitarian objectives 	<ul style="list-style-type: none"> • Temporary removal from eligibility list • Placement on a partner improvement plan • IP required to demonstrate how it will build trust with partners and prevent future occurrences. Compliance should be monitored • Reporting to Risk Management Unit (RMU) and the UN Office of Internal Oversight Services (OIOS) 	Fund manager

For more information get in touch with OCHA Somalia Humanitarian Financing Unit ([contact details link](#)).

SHF feedback and complaint mechanism

Complaints regarding the SHF process or decisions can be brought to the attention of the SHF Manager (kovacm@un.org).

At any point in time, stakeholders can bring their concerns to the attention of OCHA Somalia senior management through the confidential feedback email shf-feedback@ochasomalia.org