

Implementing partner non-compliance sanctions

(15 February 2021)

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 an 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 / CBPFS
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 RMU and referral to UN OIOS. 	Fund manager

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

SHF feedback and complaint mechanism

The SHF beneficiaries and other stakeholders are encouraged to provide feedback, complaints or concerns regarding the implementation of SHF-funded projects to the SHF accountability team through phone number **+252 613661199** by way of direct call, voice recording, SMS or WhatsApp.

Complaints regarding the SHF process or decisions can be brought to the attention of the SHF Manager (shfsomalia@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