

Independent Quality Assurance of the CHS: What it entails, how it works and the journey ahead.

Geneva, November 2022. www.hqai.org



In line with the recently launched Humanitarian Accountability Report (2022 HAR), as well as feeding into the ongoing CHS Revision and Review of the CHS Verification Scheme, HQAI takes the opportunity to share some key learnings and clarify essential aspects of what we do, how we do it and how we see our objectives and role as the sector evolves.

Introduction.

Since their launch, the Core Humanitarian Standard (CHS) on Quality and Accountability and HQAI have come a long way. But despite these achievements, we are still far from realising the systemic transformation that underpins the vision behind the CHS and the creation of HQAI. But let's start at the beginning:

Eight years ago, the Core Humanitarian Standard on Quality and Accountability (CHS) was created by the sector for the sector. As a core standard placing communities and people affected by crisis at the centre, the CHS describes the essential elements of principled, accountable, and quality humanitarian and development work. The CHS is a measurable standard - a unique feature - and this is where CHS Verification comes into play: those who measure can track progress over time in their delivery against the standard. Seven years ago, HQAI was created to independently assess the degrees to which organisations apply the CHS across their work.

Since its launch, the CHS has reached significant milestones: at the 2016 World Humanitarian Summit, more than 90 stakeholders signed a pledge to adopt the commitments of the standard; at the UK-hosted Safeguarding summit in 2018, 22 countries committed to "demonstrate adherence to (...) the CHS and (...) look to review and strengthen measures for verification to that adherence." The Inter-Agency Standing Committee's (IASC) Principals affirmed in their latest statement: "Accountability [...] is paramount and must be acted upon. It is non-negotiable, at all times." **To date, more than 130 organisations around the world measure their work against the CHS, be it through self-assessment, independent verification, or certification. Looking at HQAI's audited partners, their diversity (small, big, national, international, networks, groups, humanitarian, development) demonstrates the adaptability of the CHS and of HQAI's methods to measure its application.**

What we do.

HQAI undertakes risk-based management system audits to assess an organisation's level of application of a standard (currently using the CHS as the basis), with the fundamental aim of independently and professionally assuring the quality of an organisation's work.

Management system auditing is well-known in many other sectors (for example ISO9001 audits) and HQAI's work is similar, but we have adapted our methodology to the CHS and the specificities of humanitarian and development work and organisations.

HQAI implements and complies with the auditing principles of impartiality, competence, responsibility, openness, confidentiality, and responsiveness to complaints. HQAI's work and engagement is annually verified through the accreditation of HQAI's certification scheme under ISO/IEC 17065:2012, a process that ensures that HQAI complies with stringent ISO-relevant standards and builds trust with stakeholders.

How does it work? Management system audits look at the backbone of an organisation (its governance structures, policies, procedures, internal quality management systems, and related controls) to assess whether good practice on the ground is the result of a systematic approach to quality and accountability. Audit evidence is gathered from multiple sources (documents, interviews with staff and key informants, and consultations with affected populations) which are triangulated to identify strengths and potential gaps in the whole organisation. The audit cycle is a multi-year process which stimulates organisational change and improvements over time. Feedback from NGOs and findings of the 2022 HAR¹ illustrate that the audits effectively impulse change:

"Progress can be seen when organisations take these Commitments seriously, assess how they are meeting them and make concerted efforts to improve where they are not delivering. As evidenced in the snapshot of those committed to the certification cycle, such an enduring commitment results in real change over time."

It is important to highlight that no audit process can guarantee the absence of wrongdoing, be it corruption, sexual exploitation, abuse and harassment or else. However, the set-up and control of appropriate mechanisms can minimise the risk that wrongdoing happens, help identify an incident when it happens and take corrective actions timely and appropriately.

The CHS provides a framework for these mechanisms to function within a management system that puts accountability to the people at the centre. And HQAI - as an independent auditor of the CHS - can assure the extent to which audited organisations comply with the standard, hence that such mechanisms exist and are functioning.

1 <https://www.chsalliance.org/get-support/resource/har-2022/>

To date HQAI is the only auditing body conducting quality assurance on the CHS.

The CHS Alliance (CHSA) is the owner of the CHS Verification Scheme and therefore responsible to designate the auditing bodies to operate within it. Conscious of the enormous responsibility towards the people it seeks to put at the centre, the CHSA made the choice to request that any organisation that provides auditing services against the CHS works according to the international standards of auditing, i.e. that they be ISO accredited.

The CHSA commissioned a review in 2019 which concluded that there was not sufficient market to open the system to other auditing bodies. This "market" depends on the overall uptake of CHS verification across the sector and, crucially, the role of donors and governments in spearheading this uptake.

HQAI is building its capacities globally and locally, and is further developing audit methodologies to scale-up and meet greater demand as it arises. Nevertheless, when the sectors' commitment to the CHS and verification of the CHS finally takes off and a significant demand for independent quality assurance on the CHS is created, it is unlikely HQAI will have the capacity to cover the entire market, nor would it want to.

It is important that, when more auditing bodies engage with the CHS Verification Scheme, they are all held to the same quality requirements and that the Scheme maintains the rigour, inter-operability & comparability across all CHS verification or certification audit processes.

How we work.

The humanitarian sector has continued to grapple with the demand to create a quality and accountability standard that is both feasible to apply and which addresses the complexities of humanitarian and development work and the varied actors within it. The **CHS** offers a common, universal accountability framework that can, and has to be contextualised to different ways of working and situations. It is the result of an extensive consultation, and the current (2022-2023) revision process will build on this, as well as on its application over the past years.

HQAI audits are contextualised and adapted to the organisations being audited and the locations where they work, whilst maintaining a consistent rigorous process. HQAI's methodology includes review of documents and processes, interviews with staff from head office to project levels, in different countries and contexts. Importantly, it also includes direct consultation with affected populations. The audit process is comprehensive and extensive, conducted regularly by experts who identify organisational strengths and weaknesses. This approach is intended to be a useful continual learning tool for organisations to target improvements needed to meet their quality and accountability commitments. Ultimately, and of

paramount importance, the entire process is intended to benefit the affected populations and communities that organisations work with.

HQAI has a varied portfolio of audited organisations from federated multi-country organisations to smaller scale local and national organisations (L/NNGOs). HQAI's audit process does not change *per se*, but it is adapted to respect the organisations' size, capacity, and the contexts within which they operate.

However simple or complex they are, an organisation's systems and processes must be able to achieve the goal of consistent quality and accountability to communities. It is this consistency that is assessed throughout the audit cycle.

In our experience, L/NNGOs that are using CHS Verification want to be held to a recognised international standard. They have embraced the audit process and acknowledge its importance for improvement, as well as its challenges, in quite the same proportions as INGOs.

HQAI is committed to ensuring that its services are accessible to humanitarian and development organisations however small, whatever their budget, and wherever they are located. To facilitate this, HQAI created a Facilitation Fund to subsidise organisations that want to access HQAI's services.



HQAI's 2023-25 plans are ambitious to localise auditing capacities, and further adapt and increase the use of agile, contextualised, and decentralised approaches.

In parallel, HQAI's Group scheme allows for economies of scale and is another option for L/NNGOs to financially access our services. By auditing pooled funding mechanisms, we can further facilitate access and open the way to more collective approaches.

This work has a cost. Currently, HQAI's invoicing for auditing services does not cover its own operating costs, which leaves HQAI still largely dependent on donor funding. HQAI's services are deemed expensive by some organisations, yet the cost of HQAI's services cannot be compared against those of others, until the time when additional audit providers have sufficient incentives to enter the CHS audit market.

The cost of an audit cycle should also be looked at from the perspective of added value. When HQAI conducted one extended CHS audit for one of its partners to answer two requirements simultaneously (CHS certification and ECHO ex-ante FPA; read more here²), the added value was obvious: reduced duplication, less compliance burden on the organisation, significant financial and staff-time savings. **Such added value must become the rule, not the exception.**

Despite the above, we acknowledge that organisations' availability of resources (financial, staff time) for the audit can be a challenge and must remain at the core of the conversation, particularly when related to localisation commitments. Who should ultimately pay for the efforts of organisations towards transparent processes that may expose them? CHS Verification requires significant resources, related to the verification as such, but also to the organisation's own investment into delivering against the CHS, and related to developing local capacities for quality assurance. The latter is part of HQAI's localisation ambitions.

Impact of CHS verification.

HQAI measures the extent to which organisations are accountable to the people they serve. Holding a mirror and reflecting an objective view on the organisation, HQAI's work

- helps organisations improve their performance in terms of quality and accountability;
- helps build trust between these organisations, the people they serve, their staff and their donors;
- contributes to putting local and national organisations (L/NNGOs) on the same level playing field as bigger international ones;
- can contribute to simplifying and reducing duplication of due diligence and partner assessment processes through recognition of CHS audits.

Culture and system changes **take time**, but we are seeing improvements. Impact is also confirmed by the 2022 HAR which outlines that *"data from certification scores demonstrates that against all but two of the Nine CHS Commitments, improvements have occurred by CHS-certified organisations over time. The learning in summary: a systematic process of verification leads to improvements."*

One key lesson learned by HQAI is that the process for an organisation to fully embrace the CHS and independent quality assurance, create buy-in throughout the organisation, and integrate mechanisms to allow for changes to happen, needs time.

We are now taking learnings further and are working on a systematic impact analysis. Together with the CHS Alliance (CHSA) we have launched a research project to define and provide ways to systematically measure

the impact of HQAI independent verification, HQAI certification, as well as CHSA-validated self-assessment processes on accountability. The purpose of this impact study is to test the hypothesis that a verification process leads to greater accountability and better quality, and hence benefits affected populations. This is not a one-off: the respective impacts of the three processes (certification, independent verification, self-assessment) will be assessed and compared over time.

Moving forward.

As HQAI starts preparing for a new strategic phase and pursues its own continuous improvement based on lessons learned, a number of key priorities and directions have emerged:

Localisation.

HQAI has set itself an ambitious agenda for localisation. Under HQAI's mission, localisation has a threefold objective. One, to make sure that independent quality assurance is accessible to all organisations, particularly L/NNGOs, for whom resources could be a barrier. Two, to work towards developing quality assurance capacity where it is needed, especially nationally and locally. And third, to contribute to the sector-wide localisation agenda and establish independent quality assurance as a tool to enable direct funding to L/NNGOs.

HQAI has made significant efforts to date to meet these localisation objectives:

- 41% of NGOs covered by HQAI's services are L/NNGOs, and this is a rising trend (a further 14 L/NNGO initial audits are projected in 2022/23);
- HQAI's Facilitation Fund has granted 670'000 CHF to L/NNGOs in 11 different countries (subsidies);
- A pool of 40+ trained independent auditors work from more than 20 countries;
- 3 Group audits are underway to reduce audit cost for L/NNGOs (economies of scale) and build local audit capacity;
- 1 pilot is in progress to test whether donors can decide on direct funding for L/NNGOs based on an extended CHS audit;
- Several pilots are underway in countries where access is particularly complex, to test new, local methods of auditing;
- CHS auditing is being applied to pooled funding mechanisms to facilitate access and open the way to more collective approaches.

HQAI is also constantly improving in areas such as performing audits as locally as possible, developing hybrid (virtual and face-to-face) auditing techniques and exploring more decentralised operating options.

As a quality assurance body it remains central for HQAI that we maintain the required robustness and integrity of our auditing as we advance on this agenda for change.

Building bridges.

Different donors have different due diligence (DD) requirements and systems in place. To manage these, organisations need to invest significant resources (financial, technical, human). Duplication across these requirements is common and as the 2022 HAR puts it: *"There is an urgent need for greater harmonisation of due diligence, compliance and audit requirements to support working in multiple, equal and fruitful partnerships that keep people affected by crisis as the basis for action."*

HQAI has a technical solution at hand: There can be significant overlaps between the information collected during an HQAI CHS audit and the data typically required for DD assessments. Bridging from one assessment to another by using validated audit data for more than one purpose can be a means to reduce complexity, increase cost effectiveness and simplify reporting. It benefits organisations as well as donors. Let's illustrate with two examples:

1. Recognition of CHS Verification

Donors and governments who require or recognise CHS Verification in their own processes reduce the DD requirements for the organisations they fund (passporting). Beyond gains for each organisation, this leads to significant economies of scale for the sector as a whole. To date: Denmark (DANIDA), UK's Disasters Emergency Committee (DEC) and the Dutch Relief Alliance (as of 2023) require independent CHS audits from their partners. Germany provides shortened DD assessments for organisations that have undergone CHS Verification. DG ECHO accepts FPA assessments conducted by HQAI, based on CHS audits.

We are ready. Are you?

We see independent verification & certification carried out by an accredited organisation as an integral part of a large and complex system. The fundamental questions go beyond the CHS and HQAI, and challenge the whole sector:

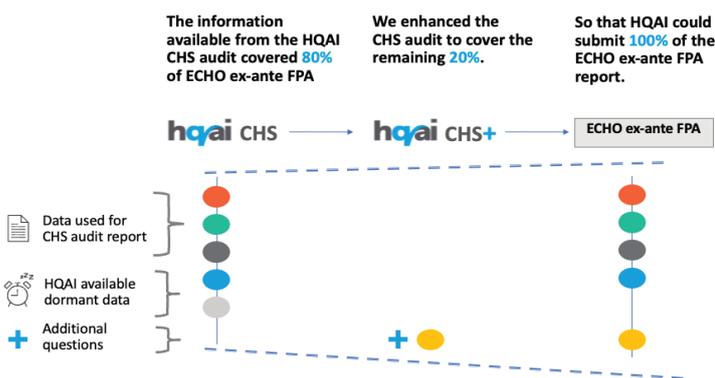
- Can a sector that aims to respond to the needs of 274 million people facing striking power imbalances afford not to have a solid quality assurance mechanism centred on accountability?
- How can accessibility of quality direct funding for L/NNGOs be improved?
- Can the burdensome duplication of due diligence requirements be significantly reduced?
- Can tensions between an increased compliance agenda and a push for localisation be addressed?

Solutions to these questions will trigger systemic change in the sector for the benefit of people affected by crises. Such change will only happen if we can work hand in hand with all our partners and in particular those based in crises-affected geographies.

We give the last word to the 2022 HAR:

"Findings suggest that CHS verification can be the system of adaption for accountability that galvanizes change – one that can lead to reformulating how aid workers, leaders, organisations and the system as a whole understand, use and are held accountable for their power."

Using beads on multiple strings: a real-life example with ECHO ex-ante FPA.



2. Pilot in favour of direct funding

Financed by the HQAI Facilitation Fund, a DD pilot was launched in collaboration with several government donors (Denmark, Luxembourg and the United Kingdom). This pilot aims to test whether donors can take the decision to grant direct funding to L/NNGOs based on an extended CHS audit. This pilot has the potential to support donors to align DD requirements.