



CHS Alliance Verification Scheme: The Way Ahead

Final Report



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Contents

Acronyms	1
Executive Summary	2
1. Introduction	5
2. Methodology	6
2.1 Limitations	6
3. Evaluation of the current system	7
3.1 Relevance	7
3.2 Effectiveness	8
3.3 Efficiency	11
3.4 Impact	13
3.5 Sustainability	14
4. The way ahead	16
4.1 Assessment	18
4.2 Self-regulating verification	20
4.3 Independent verification	22
4.4 Certification to confirm compliance	24

Acronyms

CHS	Core Humanitarian Standard
CHSA	Core Humanitarian Standard Alliance
HQAI	Humanitarian Quality Assurance Initiative

Executive Summary

Introduction

KPMG was retained by the CHS Alliance to conduct a review of the existing Verification Scheme and make recommendations for the way ahead. The review comprises an assessment of the current Verification Scheme, and a desk study of verification schemes used by comparable organisations. The views and opinions expressed in the reports are the sole responsibility of the authors and do not necessarily represent those of the CHS Alliance.

Overall, the report finds there is a consensus that verification improves the quality of services delivered by CHSA members. However, the Verification Scheme needs further development. Based on review findings, KPMG developed options and recommendations for further development of the CHSA Verification Scheme.

Evaluation of the current system

Relevance:

The review finds the CHSA members perceive the CHS is highly relevant to their work. The Verification Scheme itself was described to have multiple purposes, and that the specific purpose of verification is not clearly defined by the CHSA. There is a consensus among members that completing the verification process produced tangible improvements to their organisation, regardless of the option used. To define in concrete goals for the purpose of the Verification Scheme, therefore, will clarify the relevance of the different verification options.

Effectiveness:

Fifty-three organisations have completed one or more verification option, since 2016. The number of organisations completing is less than expected. All members were expected to have implemented verification within two years, with HQAI having 200 agreements. In addition, only two of the four verification options are being implemented; self-assessment and certification. Members interviewed and participating in the survey had difficulty explaining the relative advantages of using one option over the other. For the certification option, members were often unclear on the purpose and requirements of using certification, and managing expectations regarding the outcomes that completing a certification would produce.

The Verification Framework does not define the means for verifying the indicators and the specific requirements for the four levels of compliance. Lack of clarity increases the risk of different interpretations and implementation of the verifications. Further, not all of the nine Commitments in CHS are seen as equally relevant or sufficiently developed.

A lack of clarity on the roles and communication between CHSA and HQAI affects the referral of members from HQAI to CHSA to get capacity support, and the necessary dialogue about development of the Verification Framework and Verification Scheme.

Efficiency:

Regardless of the option, the main obstacles for completing a verification are the time and resources required. Certification is perceived as too expensive, and often out of reach for smaller organisations. For financing, members used their own funds, often requiring a significant financial investment with related institutional decisions. Regardless of grant funding being available, the HQAI subsidy fund has only been used by seven organisations, and may have a potential to be used by more.

Impact:

There is a consensus that verification improves the quality of services delivered by members. Hypothetically, this should be expressed as a general improvement in the humanitarian sector. Some statistical data is collected to support the perception and learning and experiences are shared. The London learning events are used to share information on the impact of the Verification Scheme. However, there is still potential for a more systematic approach to document the impact that CHSA verification has on the way the organisations conduct their work, and the effect for persons who receive the services.

Sustainability:

Key stakeholders have endorsed the CHS. However the Verification Scheme does not have the same level of endorsement among those same Stakeholders. The reasons range between institutional preferences and policy, to incomplete knowledge.

Having only one certifier of the CHS creates a dependency risk on HQAI. The arrangement is not sustainable, under the current conditions.

Recommendations:

1. The purpose of the Verification Scheme should be defined in concrete goals.
2. The CHS Verification Framework should be reviewed and updated, including defining the means for verifying the indicators and it should specify the requirement for the scale of compliance. This update should consider how further specifications can credit potential good practice found among smaller national organisations.
3. A clear process should be planned for further development of the CHS and the CHSA verification tools, in coordination with the co-owners of the CHS.
4. More information and transparency is needed on the purpose and requirements of the certification option for verification.
5. The roles and responsibilities between CHSA and HQAI need to be clarified and a cooperation agreement signed.
6. CHSA needs to build up more in-house competence on verification, certification and accreditation to take a stronger “owner’s role” of the Verification Scheme.
7. Clarify the business case for Certification, relative to the other options.
8. Review the subsidiary fund, including whether:
 - Funding should be used for all verification options, and not just the services provided by HQAI.
 - The funding criteria need to be revised and better communicated, particularly to expand the participation of smaller organisations.
 - The governance, management and criteria for the fund are adequate, or if the arrangements need to be revised.
 - The current funding hosting could be considered moved from HQAI to the CHSA.
9. CHSA and HQAI should be more systematic in collecting data to document results of the verification, and ultimately the implementation performance and impact of the CHS.
10. Communications and advocacy plans about Verification Scheme, and the impact that verification has on CHS implementation, should be developed and coordinated between HQAI and CHSA. The CHSA should lobby key stakeholders to be more explicit in their endorsement of verification.

11. The business model for certification should be reviewed. Its sustainability will be depend on continuous donor funding and on increasing demand for certification (see Chapter 4).

The way ahead:

The Verification Scheme should be reassessed in relation to a clearly defined purpose and concrete goals. New or adjusted models for verification that better addressed these goals should be considered.

KPMG recommends that the CHS Alliance explore an alternative approach to the verification options:

- 1) For the purpose of learning and improvements on how to implement the CHS, assessments for internal verifications should be considered.
- 2) For the purpose of demonstrating commitment and verifying level of compliance with the CHS, alternative ways of doing Self-verification and/or Independent verification can be considered.
- 3) For the purpose of confirming that work is implemented in full compliance with the CHS, the certification model should be considered further developed by the CHSA in consultation with, and use by, relevant Donors.

1. Introduction

This report summarises KPMG's findings from our review of the CHS Alliance Verification Scheme, and presents recommendations for the way ahead. The report was prepared by a team from KPMG Norway's International Development Advisory Services and Governance Risk and Compliance practices. The first part of the review process consisted of an evaluation of the current Verification Scheme, which is presented in Chapter 3. Based on the findings from this evaluation and a desk review of verification schemes of standards similar to the CHS, Chapter 4 present KPMG's suggestions to possible further development of the CHSA Verification Scheme.

The CHS was launched in December 2014. As of May 2019, 53 organisations have verified how their organisations are meeting the CHS, by implementing one of the four verification options. The opportunity to verify against the CHS is a critical development to coherently and transparently assess how organisations, and the sector as a whole, are improving their work with and for people affected by crisis.

The CHS is a voluntary and verifiable standard. Verification is a structured, systematic process to assess the degree to which an organisation is achieving the CHS. The CHSA's Verification Scheme currently offers the four options of Self-assessment, Peer Review, Independent Verification and Certification. Although each option is stand alone. The indicators used are common to all four options and allow for sector-wide analysis of the results.

Currently, in line with good standard setting practice, Certification and Independent Verification are undertaken by an organisation with independent standing from the CHS Alliance. At present, there is one organisation authorised to conduct a Certification; the HQAI.

2. Methodology

The review was conducted using a combination of quantitative and qualitative methods, and it was based on collection of the following information:

- 1) The review of documentation provided by the CHSA and HQAI.
- 2) A survey sent out to all CHSA member organisations (see Annex 1 for a full report of the survey).
- 3) Semi-structured interviews with representative of the different stakeholder groups (see Annex 1 for a list of interviews).
- 4) Meetings with the CHS Alliance Board, in the board meeting on 11.04.2019 and CHSA's donors, in the round table meeting of CHSA on 23.05.2019.
- 5) Review of six verification models taken from other standards (Annex 2).

2.1 Limitations

The review took place during April and May 2019. It was limited to reviewing the CHSA Verification Scheme and did not include other parts of CHSA's work or the work of HQAI. The CHS and its implementations tools and indicators were also not part of the scope. However, findings and the inputs received sometimes related to areas outside the scope of the review and may have an impact on the further development of the Verification Scheme. Where this occurred, the finding is included in the report.

The survey was sent out by the CHSA to all its 154 members. Fifty-nine members completed the review, representing 56 percent of the CHSA membership. For the three organisations where duplicate replies were received, the replies differed. As these replies may represent different parts of an organisation or different opinions on the Verification Scheme, it was agreed with CHSA to include all the replies in our analysis.

The selection of persons to be interviewed was done by KPMG based on suggestions from the CHSA.

3. Evaluation of the current system

The evaluation of the current system was based on the DAC Criteria for Evaluation of Results Based Management, which are Relevance, Effectiveness, Efficiency, Impact and Sustainability. The specific questions defined by the CHSA in the Terms of Reference for the review linked to these principles. KPMG's findings per criteria is presented in this chapter of the report.

3.1 Relevance

On CHSA's web pages it is stated that: *The CHS Verification Scheme allows organisations to measure the extent to which they have successfully applied the CHS requirements, and allows them, if they so wish, to demonstrate that they have done so*.¹ What the sector aims to achieve beyond measuring compliance, by implementing the Verification Scheme, is not clearly defined in set goals.

Through the document review, interviews and the survey to CHSA member, KPMG finds that there are multiple reasons for having the verifications scheme. The main ones are:

- Support organisational learning, continuous improvement and capacity strengthening.
- Contribute to internal awareness of commitments.
- Demonstrate commitment and build external recognition and visibility as being CHS compliant.
- Strengthen accountability of the organisation – shifting the power balance to the people.
- Attract donor funding and comply with donor requirements.
- Standardisation that enables competition between organisations on more equal terms.
- Collect comparable data at the sector level that allows the CHS Alliance to report on sector trends.
- Create confidence that work is done in the right way.

The lack of clarity of the goals makes it difficult to evaluate the extent of achievement, both in this review and for the organisations who have completed verification options.

Recommendation 1: The purpose of the Verification Scheme should be defined in concrete goals.

¹ <https://www.chsalliance.org/verification> 15.05.2019

3.2 Effectiveness

3.2.1 Number of Verifications Completed

The CHS verifications have been implemented since 2016. In total 53 organisations have completed one option for verifications. This is less than anticipated in 2016.

Certification:	19
Independent verification:	7
Peer review:	1
Self-assessment:	37

3.2.2 Two of four verification options are mainly used

The members interviewed could not articulate a difference in the relative benefit between the four verification options, as a basis for deciding which option to complete. Originally the Verification Scheme was meant to provide one framework of verifying compliance with the CHS that could be implemented through four different verifications options. The indicators for verifying would be the same, but who did the verification would differ:

- 1) Self- assessment - own organisations
- 2) Peer review – a peer organisation
- 3) Independent verification - independent third party verifier
- 4) Certification – independent third party certifier

As the CHSA Verifications Scheme has developed, there are effectively two verifications options being implemented:

1. CHS Assessment Tool

The review finds that that assessments are being implemented by the organisation themselves, as peer-reviews with a likeminded organisation or with help from external consultants. The assessments that are reported to CHSA are being reviewed through a “sanity check” that may lead to questions or input to the organisations who have completed the review.

2. Third Party Certification

HQAI offers a four year agreement on a certifications process. Consisting of independent verification, yearly self-assessment, and mid-term review after two years and certification. Once certified, a new four year cycle can start. HQAI has developed its own procedures for verification based on the CHSA verifications scheme, CHSA Verification Framework and the ISO 17065:2012 standard for third party verifiers.

In addition to the verification options that are included in the Verification Scheme, there are also other assessment tools for reviewing implementation of the CHS:

- Groupe URD offers a tool for assessing implementation of the CHS standard in their Quality and Accountability Compass.
- HQAI also offers benchmarking according to the CHS.

3.2.3 The Quality of the Verification Framework and the CHS Commitments

The Verification Framework sets out the commitments and defines the indicators for compliance with the CHS. However, the means for verifying the indicators are not defined. The result of a verification is given on a scale from one to four, and these scores are presented in general terms. Since the Verification Framework is not more specific, it opens for interpretations of how the verification of the indicators should be reviewed, and ranking of the score on the scale of compliance.

Recommendation 2: The CHS Verification Framework should be reviewed and updated, including defining the means for verifying the indicators and it should specify the requirement for the scale of compliance. This update should consider how further specifications can credit potential good practice found among smaller national organisations.

Several inputs were received on the content of the CHS and their verification. KPMG has not reviewed the content of the CHS in itself, but finds that the input given is relevant for assessing how relevant the CHS and its verification is perceived to be. There is a risk that if the standard and its verification is not seen to be sufficiently well developed, some organisations/donors will start selecting only the parts of the CHS that they feel are relevant. KPMG recommends that the input received should be reviewed further to assess how the CHS and the way it is verified, can be developed to become more relevant:

- Several organisations gave feedback that implementing and verifying the CHS commitments for development work is not clear.
- Not all commitments are seen as equally relevant or sufficiently developed. For example, commitments related to protection of own staff are expected to be developed further.
- There seems to be different interpretations on how the CHS is expected to be implemented when working through cooperation partners. Inconsistent interpretations can lead to inconsistent requirements in the verifications. How the CHS should be implemented when working through cooperation partners is not defined. How this implementation can be verified, is not included in the Verification Framework.
- Some of indicators to the CHS commitments have been updated and these are included in the Sphere handbook. For the CHS to be a consistent and verifiable standard it is important that the standard and indicators, which are co-owned with Group URD and Sphere, do not get fragmented into different versions of the standard.

Recommendation 3: A clear process should be planned for further development of the CHS and the CHSA verification tools, in coordination with the co-owners of the CHS.

3.2.4 Communication about the certification option to the members

The Certification option for verification is being implemented based on the requirements set out in the CHS Verification Scheme and Verification Framework on the one side, and the ISO 17065 on the other. This sets the framework for HQAI's accreditation as a certifier of the CHS.

The purpose and requirements of the Certification are not well communicated nor fully understood in the sector, including among the organisations who have been certified. This makes it difficult to manage members' expectations of the outcome, relate to what a certification is able to provide and what the process requires. Some of the issues raised during the review were:

- There is an expectation to get more guidance and support on further improvements needed from the auditing process, than what is possible to provide through a certification report, that should only verify compliance. A certification report will indicate where non-compliance may occur, but give only limited or no guidance on how compliance can be reached.
- The current certification process is perceived as too focused on policies and procedures, and not enough on the feedback from the communities. Even though a certification is based on extensive input from communities, this input will not be reported back to the organisations being certified. The certification reports are, therefore, perceived by some of the certified organisations as not giving them sufficient feedback on how the communities see their performance.
- Certification is a confirmation that an organisation has the formal structures and practices in place as required by the CHS. National organisations may be excluded from achieving certification as they often have good practice and a close cooperation with communities, but lack the formal structures needed to complete the requirements of certification.

- The expectation for continuous improvements as required by the certifications, is seen to be too optimistic for the sector. The time frames for correcting non-compliance were seen to be too short, and the requirement for a yearly update too frequent for the sector.
- The practice by HQAI to publicly announce suspended certifications, is also not well understood or received. Several of those interviewed, representing all the different stakeholder groups, pointed to the risk that it may be counterproductive to publish the suspension of certifications, as the reasons for suspension may range. The risk of being suspended may also be seen as too high for organisations, preventing them from seeking certification.

Recommendation 4: More information and transparency is needed on the purpose and requirements of the Certification option for verification.

3.2.5 Cooperation and communication between CHSA and HQAI

There is a lack of clarity for roles between CHSA and HQAI that originates with who “owns” the assessment model and how it should be implemented. There is not a common understanding of the roles and whether HQAI is a partner or supplier of CHSA. An MOU between HQAI and CHSA has not yet been signed.

The CHSA does not follow up or monitor how HQAI implements its work. Since the Verification Framework does not specify how indicators should be verified/audited, there may be a risk that HQAI is more governed by the accreditation, then by CHSA and the Verification Framework.

For several organisations, the different roles of HQAI and CHSA are not clear. They do not see the benefit or need to be a member of the CHSA and pay for the verification service from HQAI. There may be a risk that the two organisations are “competing” with each other to keep their partners/ members, and that this may also affect their cooperation.

The communication between HQAI and CHSA is ineffective, and seems to have an effect on the referral of members who need further support on implementing from HQAI to CHSA, who can provide further capacity building. An agreement on the respective roles and commitments could provide for better communications and a more productive dialog about development of the Verification Framework and Verifications Scheme.

Recommendation 5: The roles and responsibilities between CHSA and HQAI need to be clarified and a cooperation agreement signed.

Recommendation 6: CHSA needs to build up more in-house competence on verifications, certification and accreditation to take a stronger “owner’s role” of the Verification Scheme.

3.3 Efficiency

3.3.1 Perceived obstacles and cost benefit of verifications

Tables 1 summarises the answers from members who have not done any of the verification options, about why they did not. Table 2 gives the answers from members who have done at least one of the options of their experience of the requirements of doing the verification.

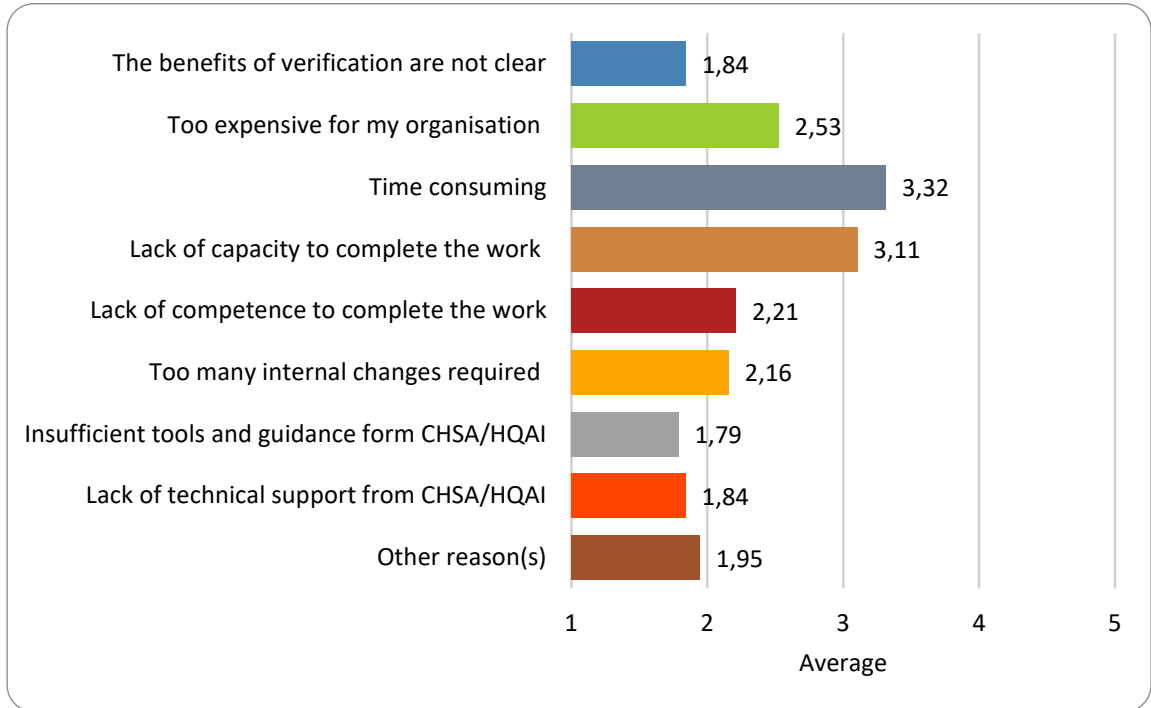


Table 1, Question from the survey: Why has your organisation not completed a verification option? What obstacles/considerations prevent you from implementing any of the verification options? Reply from 19 CHSA members who have not completed any verification options.

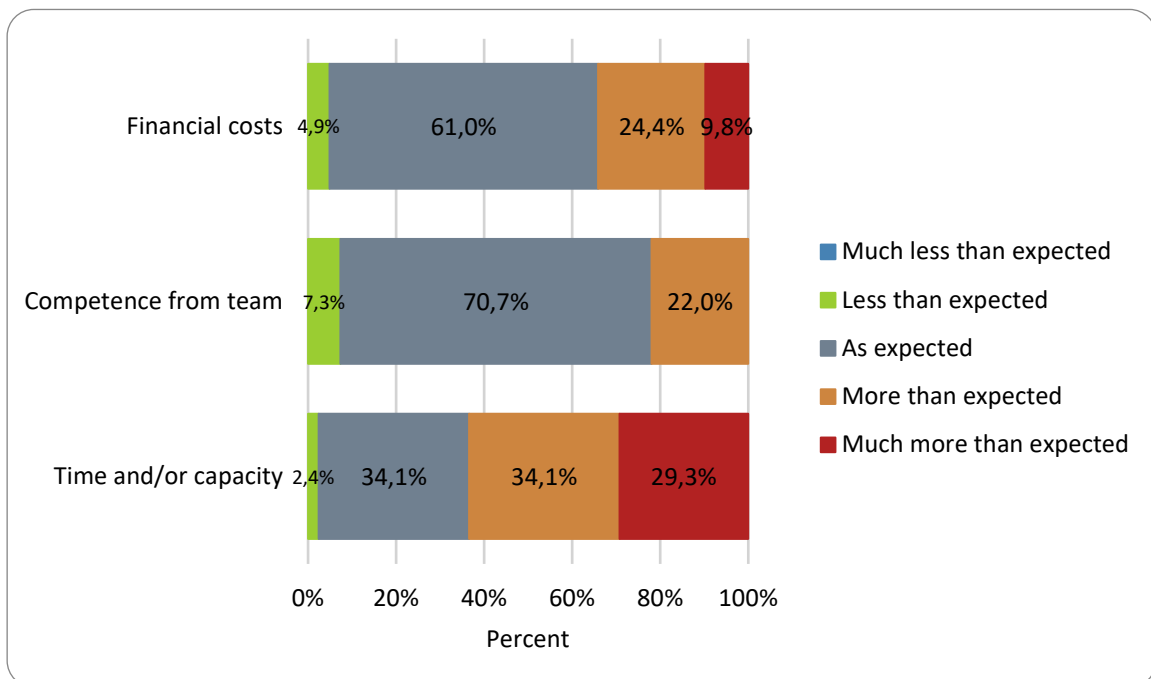


Table 2, Question from the survey: Did the resource requirement of the verification meet your expectations? Reply from 40 CHSA members who have completed one or more verification options.

The decision to complete any of the verification options requires a significant institutional investment, usually with a governance decision based on a comprehensive business case, assessment of the costs, trade-offs and the benefits expected. Members described decision-making processes as lasting up to a year.

Out of the 40 who replied to the questionnaire and who had completed any of the verifications options, 65% of respondents perceived the time and capacity required for implementing a verification to be more or much more than expected. Time and resources were also the main obstacles for the 19 respondents from organisations who had not yet implemented any verification.

The financial cost of the self-assessment options was generally perceived to be as expected. The certification option is presided to create an additional costs, namely to retain HQAI services. The cost of HQAI services is seen as high, and this makes the certification option seem unavailable to national and some international members. As the expected outcomes of the certification are less than what the organisations expect, ref 3.2.4, the certification option was characterized as “costing more, but you get less”.

Recommendation 7: Clarify the business case for Certification, relative to the other options.

3.3.2 Financial support for implementing verification

The survey showed that the members mainly used their own funds for implementing the verifications.

Subsidy funding for covering up to 90% of the verification cost is available for independent verification and certification via a fund which HQAI hosts. This fund is managed by an independent Fund Management Committee and is limited to supporting organisations to access the HQAI services only and is, therefore, not available for other verification options. Other funding criteria also apply.

The HQAI funding has only been used by seven organisations and according to the HQAI, they have not received further applications for funding. Some interviewees found that the grant award criteria might be affecting access to funding by “deserving members”. Cited during several interviews were criteria that intended to prioritise smaller nationally based organisations, but effectively disqualify such organisations when they have cross-border operations, which categorises them as international organisations.

KPMG did not review how HQAI manages the funding, as HQAI was not part of the scope. However, we find that for the further development of the Verification Scheme hosting a funding options that covers up to 90% of the certification cost may be a potential risk for the credibility HQAI as an independent certifier, if they are perceived to be funding their own services. KPMG also finds that if the future goal is to have several independent verifiers and certifiers (see Chapter 4), the current subsidiary funding model will not be support this development.

Recommendation 8: Review the subsidiary fund, including whether:

- Funding should be used for all verification options, and not just the services provided by HQAI.
- The funding criteria need to be revised and better communicated, particularly to expand the participation of smaller organisations.
- The governance, management and criteria for the fund are adequate, or if the arrangements need to be revised.
- The current arrangements for hosting the fund could be revised, and moved from HQAI to the CHSA.

3.4 Impact

There is a strong consensus that verification does improve the quality of service and delivery. Several of those who were interviewed referred to concrete examples of implemented improvements and best practices developed. However, there is limited evidence collected that documents these achieved results.

The survey with the CHSA members showed that they perceived the verification to have made significant changes in terms of improved quality of services delivered and in meeting CHS requirements. However, this did not have any significant impact on their donor funding.

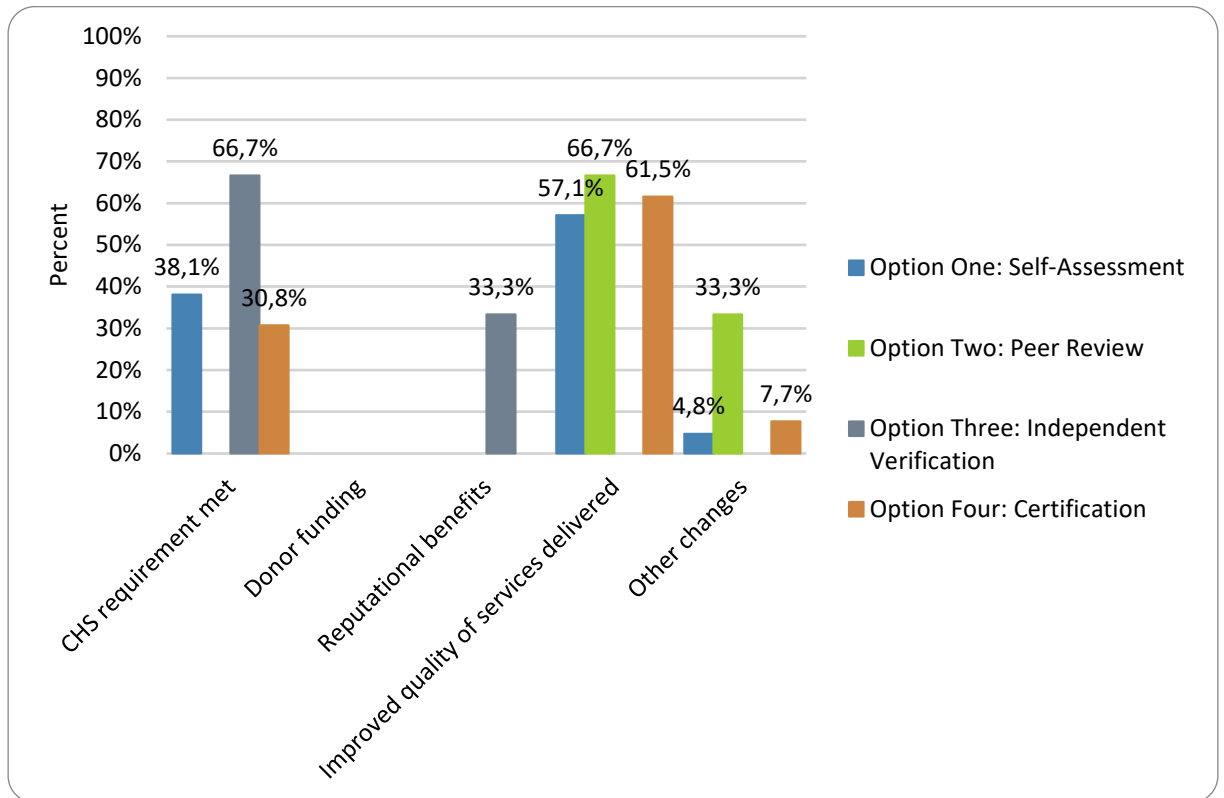


Table 3, Question from the survey: What has been the most significant changes to the way your organisations work? Replied by 40 CHSA members who have completed verification.

CHSA statics shows no big difference between the verification options in the average score of compliance with the CHS commitments.

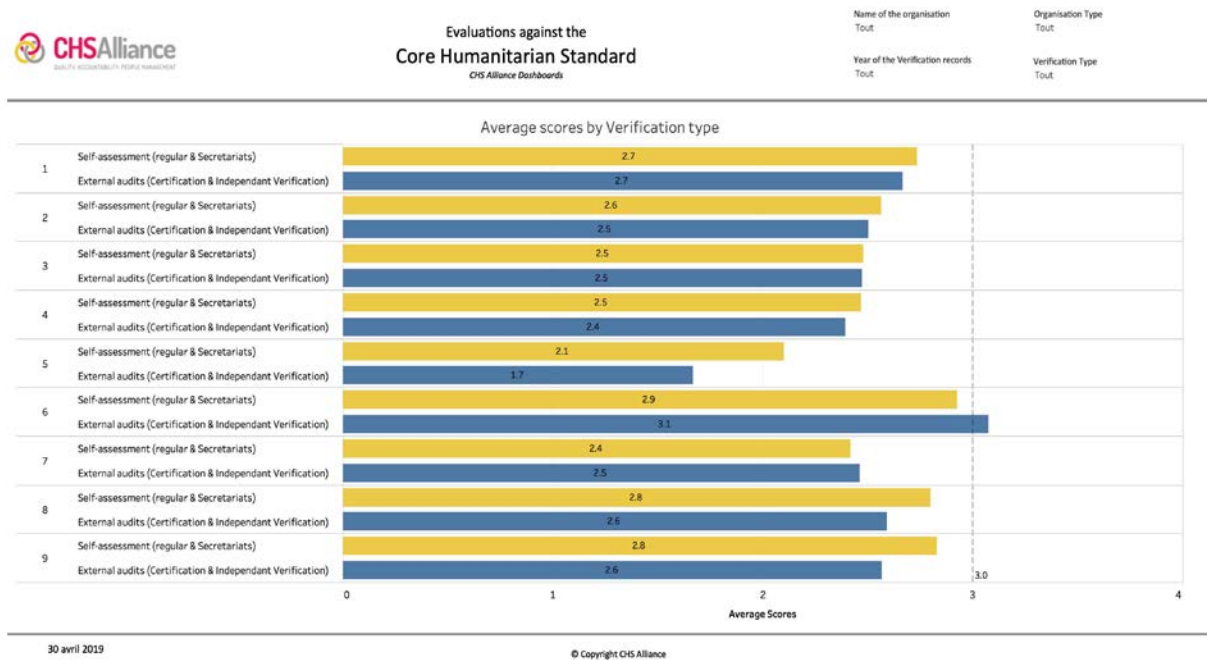


Table 4. Average score by verification type, data collected by CHA

Recommendation 9: CHSA and HQAI should be more systematic in collecting data to document results of the verification, and ultimately the implementation performance and impact of the CHS.

3.5 Sustainability

3.5.1 Endorsement from key stakeholders

Key stakeholders have endorsed the CHS. However, the Verification Scheme does not have the same level of endorsement, due to lack to knowledge about the scheme in itself and on how completing verification impacts on the quality of services delivered for people on the ground.

For example:

- Donors provide financial and political support to the CHSA and HQAI. However, only a limited number of donors specifically endorse the Verification Scheme, or require verification in their funding criteria. Verification, therefore, is not specifically linked to donor recognition or funding.²
- The CHS co-owners and other key actors in the sector like UN agencies, actively promote the CHS, but do not specifically endorse/promote the Verification Scheme.

The long-term sustainability of the Verification Scheme is pending of support and endorsement from key actors in the sector. Information material is developed and distributed. However, neither the CHSA nor HQAI have strategic communication or advocacy plans for promoting the Verification Scheme and its results/impact.

² Several CHS members stated that Donors sometimes ask about CHS verification as part of due diligence, along with other verification options.

Recommendation 10: A communications and advocacy plan about the Verification Scheme and the impact of verification on CHS implementation, should be developed and coordinated between HQAI and CHSA. The CHSA should lobby key stakeholders to be more explicit in their endorsement of Verification Scheme.

3.5.2 Certification system at risk.

Having only one certifier of the CHS creates a dependency risk, at the same time as today's model will not be sustainable with the current level of demands. On the one hand, HQAI does not have the capacity to take on more certifications if there is an increase in demand. And on the other hand, HQAI has a challenge sustaining their system, as training auditor takes two years and they invest much in training and ensuring the way certifications are done. Retention of this capacity is a problem, as there are not sufficient audits.

HQAI estimates that it needs to have agreements with 220 organisations to not depend on donor funding. Today they have approximately 40 agreements. In total 19 organisation are today certified and seven have completed independent verification. The survey shows that out of 13 certified organisation, only nine are planning for re-certification.

Based on the finding of this review, the current certification system risks not being sustainable. The purpose of having different verification options has been to accommodate different needs for different types of organisations and it has not been a goal that all should in the end be able to get certification.

Recommendation 11: The business model for certification should be reviewed and its sustainability will be dampened on continuous donor funding and an increase demand for certifications (see Chapter 4).

4. The way ahead

Our review finds that the CHS Alliance Verification Scheme plays an important role improving the quality of service delivery among members that have implemented any of the verification options. This finding is reflected in a strong consensus from the consulted members. However, we have also documented a significant scope for improvement in the way the Verification Scheme is designed and delivered.

KPMG's recommendations for the future development of the Verification Scheme are based on our findings from the review of the current system (Chapter 3) and assessment of verification models for six standards similar to the CHSA (see Annex 3). In agreement with the CHSA, KPMG has assessed how the verification options could be further developed or changed in order to better fit the purpose an organisation has of implementing the verification.

Possible alternative verification options are presented in this chapter. The verification options suggested are based on three main purposes for implementing the verification, and the options presented are the ones that best fulfil these purposes.

- 1) With the purpose of learning and improvements on how to implement the CHS, Assessments for internal verification should be considered.
- 2) With the purpose of demonstrating commitment and verify level of compliance with the CHS, an alternative way of doing Self-verification and/or Independent verification should be considered.
- 3) With the purpose of confirming that work is implemented in full compliance with the CHS, the certification model should be further developed by the CHS and relevant donors.

The verification options are outlined in the table below and present the overall set-up of the verification options. The different options are analysed according to the following criteria:

- 1) The cost effectiveness of the verification options.
- 2) The level of external credibility of the verification options.
- 3) The level of input to learning and improvement the option will provide to the verified organisation.
- 4) Accessibility of the verification, particularly for organisations in global south.

Each verification option is further described in more detail in this chapter, including what it will require from the CHSA to further develop the suggested verifications options.

Possible verification options for the CHS Alliance				
Purpose	Learning and improvement	Demonstrate commitment and document level of compliance		Confirm compliance
Type of review	Assessment	Verification		Certification
		Self-regulating verification	Independent verification	
Tools	CHS assessment tool	Verification tools		Certification tools
Who implements the review/audit	- Self-assessment - Peer review - Consultant	Member self-reporting	Independent auditors	Trained CHS auditors
Control of the review/audit	Member	QA CHSA verification board	QA CHSA verification board	Certifying body
Oversight of the reviewer/auditor	Member	CHSA spot checks	Certifier of auditor	Accreditor
Output of the review/audit	Input to improvement/advice	Result scale 1-4	- Result scale 1-4 - Input to improvement/advice	Certification
Outcome of the review/audit	Improvement plan	- Demonstrate commitment - Comparable data in the sector	- Demonstrate commitment - Improvement plan - Comparable data in the sector	- Demonstrate commitment - Continuous improvement - Comparable data in the sector
Analysis of the verification option				
Cost	Low	Low	Medium	High
Credibility	Low	Medium	Medium to High	High
Learning	High	Low to Medium	High	Medium
Accessibility	High	High	Medium	Low

4.1 Assessment

This verification option is similar to today's self- assessment, but does not include a verification of compliance.

Possible verification option for the CHS Alliance		Explanation and analysis
Purpose	Learning and improvement	The interval drivers for completing verification are to learn and improve. This option will fit best for organisations that are starting the process of implementing the CHS, and that needs to know more about the CHS requirements, create internal awareness and who need support for organisational learning.
Type of review	Assessment	An assessment is a review of the way the organisations works in relation to the requirements set out in the CHS.
Tools	CHS assessment tool	CHSA has developed an assessment tool for how to implement an assessment against the CHS commitments.
Who implements the review/audit	Self-assessment Peer review Consultant	An assessment can be implemented if different ways, through a self-assessment, via a peer-review from a likeminded organisation that have experience from implementing the CHS, or by using a consultant who knows the standard and who can help with both guidance on the commitments and how they are implemented, and facilitation of the assessment process.
Control of the review/audit	Member	An assessment will be quality controlled internally, e.g. agreeing on the review program and input on a draft report.
Oversight of the reviewer/auditor	Member	Organisation will assess the qualification of the internal/external assessment team/consultant who will implement the assessment.
Output of the review/audit	Input to improvement/advice	The assessment will present analysis of the compliance and give recommendation for further improvement.
Outcome of the review/audit	Improvement plan	To follow-up the recommendations from the assessment, an implementation plan should be developed.
Analysis of the option		
Cost	Low	Cost should be relatively low, depending on the level of external involvement.
Credibility	Low	Only implementing the assessment without measuring compliance to set criteria will not provide an objective verification of the level of compliance, and an assessment will therefore have a lower level of credibility for demonstrating compliance with the CHS.
Learning	High	The learning outcome from implementing the review and from the recommendations will be high, particularly for organisations that implement it for the first time or who use an external party who have experience from implementing the CHS. Going through the process will also contribute to building internal awareness and mobilization.
Accessibility	High	The accessibility will be high, as the resources needed are limited.

4.1.1 Requirements for implementing the Assessment option

An assessment will focus on internal learning and improvements and it will have limited value as an external verification. However, it will give the organisation a status of where they are in implementing the CHS that they do not need to be communicated externally.

It should be communicated as an internal learning tool as a first step towards further verification used to show level of compliance.

The implementation requirements would be low, as the current CHSA -assessment tools seems to be working well. Further, there are also other assessment tools available in the sector to assess compliance with the standard (ref.3.2.2.).

4.2 Self-regulating verification

This verification option has the purpose of demonstrate commitment and document level of compliance.

Possible verification option for the CHS Alliance		Explanation and analysis
Purpose	Demonstrate commitment and document level of compliance	Demonstrate commitment and document level of compliance are motivated by multiple purposes, like external recognition and internal motivation, standardizations that enables competition between organisations on equal terms, attraction of external funding or living up to donor requirements. This option would fit organisations who have completed an assessment and think they are able to get a score on the level of compliance that they would like to demonstrate.
Type of review	Verification	Verification is an assessment of compliance against given criteria that can verify the level of compliance.
	Self-regularity verification	Verification implemented according to CHSA's set of criteria and assessed by the organisation against these criteria.
Tools	Verification tool	Verification framework with defined means of verification and defined scale of compliance. How to implement the verification should be based on a self-reporting guide/system.
Who implements the review/audit	Members self-reporting	Self-reporting of assessment against the verification framework and the defined scale of compliance.
Control of the review/audit	CHSA	CHSA quality control of the self-reporting.
Oversight of the reviewer/auditor	CHSA	CHSA spot checks of the self-reporting, e.g. selected number of self-reported verifications controlled per year through extended desk review or independent verification.
Output of the review/audit	Result core on the scale 1-4	The verifications will result in a score of compliance per commitment and a total sore verified by the CHSA.
Outcome of the review/audit	Demonstrate commitment Comparable data in the sector	The verification will give the organisations a score that documents the level of compliance that is comparable to other organisations, and that can be used for promoting and documenting improvement processes internally and externally. Collecting results from verifications will enable the CHSA to document trends in the sector.
Analysis of the model		
Cost	Low	As an internally implemented process, the cost would be relatively low.
Credibility	Medium	The credibility is pending on the development of verification tools, but will be medium because of the CHSA quality control and the possibility of the spot checks, that will verify the system and can be used to calibrate the tools and interpretations of the framework.
Learning	Low to Medium	Depending on the extent of feedback from the quality control done by the CHSA, the level of learning will not be much higher than doing a self-assessment.
Accessibility	High	The self-reporting should be fairly easy accessible to most organisations.

4.2.1 Requirements for implementing the Self-regulating verification option

The self-verification option presented here differs from today's self-assessment option on the following:

- It should be based on a Verification Framework that has specified the means for verifying the indicators and defined requirements for the four levels of compliance (see 3.2.2. recommendation 2).
- The Self-Assessment results in a core that is verified by the CHSA. The quality control done by the CHSA should be more extensive than the "sanity check" done today. This will require more documentation than the self-assessment report used today. CHSA may also consider to have a separate sub-committee independent of the secretariat, who does the quality control and confirms the level of compliance.

The spot checks can be implemented as extended desk reviews done by a sub-committee, or by selecting a number of organisations for independent verifications (see 4.3).

Implementation of the self-verification option will also require that self-reporting guide and tools are developed, including what level and frequency of reporting is required. Decision on these levels, should be based on a dialog with members and donors considering their perception of the cost-benefit and the credibility of how this verification option can best be implemented.

Implementation of the self-verification option will require some capacity building of the CHSA on verification systems, in order for them to develop and improve the Verification Framework and take on a more rigorous quality control role.

Other organisations who have verification models similar to Self-regulating verification are ACFID and Trusted Charity, (see annex 3).

4.3 Independent verification

Independent verification is similar to self-verification. However, review is implemented by an independent third party, effecting both the credibility, the learning and the cost.

Possible verification option for the CHS Alliance		Explanation and analysis
Purpose	Demonstrate commitment and document level of compliance	Demonstrating commitment and document level of compliance are motivated by multiple purposes, like external recognition and internal motivation, standardization that enables competition between organisations on equal terms, attraction of external funding or living up to donor requirements. This option would fit organisations who have completed an assessment and think they are able to get a score on the level of compliance that they would like to demonstrate.
Type of review	Verification	Verification is an assessment of compliance against given criteria that can verify the level of compliance.
	<i>Independent verification</i>	Verification implemented according to CHSA's set of criteria and implemented by an independent auditor.
Tools	Verification tool	Verification framework with defined means of verification and defined scale of compliance.
Who implements the review/audit	Independent auditor	An independent auditor who based on his/her professional judgment gives an opinion on the level of compliance based on the criteria set out in the Verification Framework.
Control the review/audit	QA CHSA verification board	CHSA quality control of the audit report and confirmation of the verification score.
Oversight of the reviewer/auditor	Certifier of auditor	The independent auditor should be certified by a certifying body for auditors, as a documentation of his/her qualification for doing independent verifications.
Output of the review/audit	Result scale 1-4 Input to improvement/advice	The verification will result in a score of compliance per commitment and a total score based on the opinion of the auditor and verified by the CHSA. The audit report should give recommendations for further improvements from the auditor.
Outcome of the review/audit	Demonstrate commitment Improvement plan Comparable data in the sector	The verification will give the organisations a score that document the level of compliance that is comparable to other organisations, and that can be used for promoting and documenting improvement processes internally and externally. Collecting results from verifications will enable the CHS to document trends in the sector. To follow up the recommendations from the assessment an implementation plan should be developed.
Analysis of the model		
Cost	Medium	There will be an additional cost for using an independent auditor.
Credibility	Medium to High	The credibility will be higher than for self-verification, as it is based on the opinion of independent auditors.
Learning	High	The learning outcome will be high as the independent auditor will be able to give concrete recommendations for further improvement.
Accessibility	Medium	Depending on the level of qualified auditors, the accessibility will be medium to high.

4.3.1. Requirements for implementing the Independent Verification option

Compared to today's model for independent verification, the main difference is that it is based on an improved Verification Framework developed by CHSA and not the certification requirements of HQAI and it results in a score verified by the CHSA.

This model can open for more actors doing independent verification than today, by permitting auditors at different levels to perform the audits. These can be Certified Internal Auditors who have general competence in completing independent verifications against any given criteria, Certified Quality Management Auditors specially trained on doing quality management audits, or auditors specifically trained in auditing the CHS standard (like today's HQAI auditors).

This verification option is similar to the external audit being done of organisations' financial statements, where a qualified auditor give his/her opinion to what extend the financial statement is in line with financial reporting standards. The auditor can also give recommendations for improvements (similar to the management letter of an auditor).

The Quality Control needed from the CHSA on verifying the score of compliance may differ depending on the qualification and experience of the auditor. Therefore, it is up to the CHSA to asses if they will require a specific level of qualification of the auditor, or if they level it to individual member to decide what type of auditors they want to use. The level for qualification required will have an implication on the accessibility of auditors, including availability in the "Global South" Further, assessment of the detailed development of this model is therefore recommended, including the viewpoints of the members and the donors.

Other organisations who have verification models similar to Independent verification are EITI, SA8000 and GFMP (see annex 3). For both the self-verification and the independent verification, CHSA can consider including a continuous improvement element, requesting the member to regularly report on progress or a given frequency for re-verification.

Using a scoring scale for compliance will enable the organisations to show progress over time, but it also gives the option of lowering the score for organisation, if needed. Compared to the certification where losing the certification is seen as a risk, using the scale scoring may be better fitted for some organisations who are working on complying with the standard, and losing a point on the scale may be less intimidating.

4.4 Certification to confirm compliance

This verification options is based on the certification provided by QHAI today.

Possible verification option for the CHS Alliance		Explanation and analysis
Purpose	Confirm compliance	Confirming compliance is relevant for those organisations which are complying with all the CHS commitments and who wants to get this independently confirmed. This can fulfil the purpose of confirming that work is implemented "the right way" and can transfer the responsibility for confirm this, from the donors to an independent third party.
Type of review	Certification	Certification is a confirmation that the CHSs commitments are fully met.
Tools	Certification tools	The certification tools are based on the CHS Verification Framework and an accreditation standard (e.g. ISO 17065 or 17021).
Who implements the review/audit	CHS auditors	Certified CHS auditors
Control the review/audit	Certification body	Accredited Certification body (HQAI)
Oversight of the reviewer/auditor	Accreditor	Accreditation body (ACCREDIA)
Output of the review/audit	Certification	Certification confirms full compliance with the commitments.
Outcome of the review/audit	Demonstrate commitment Continuous improvement	The Certification will confirm that the organisations fully comply with the CHS commitments The Certification has a continuous improvement component where compliance will be reconfirmed on a regular bases, to ensure that the level of compliance is consistent through the certification period.
Analysis of the verification option		
Cost	High	The cost for the certification is seen as high by the CHSA members.
Credibility	High	The credibility of the process is perceived as a high by donors and other stakeholders.
Learning	Low- Medium	Certification is meant to confirm compliance or not, and there are limitations to the extent of guidance and recommendation the certifier is allowed to give the organisations. The continuous improvement will give the organisations who are fully compliant, a system to ensure that they stay at that level during the certification period.
Accessibility	Low	The review has shown that the accessibility of the certification is low due to cost and HQAI's current capacity.

4.4.1 Requirements for implementing the Certification option

As show in the evaluation of the current system, the certification option as it is today risk not being sustainable without donor's continuous funding and an increase in demand, (ref 3.5).

KPMG was asked to assess if there are potential other accredited certifiers, particularly in the global south. We have found that this is not realistic at this stage:

- There is not a market for this, due to the low number of members who are interested in getting certified.
- The certification does not yet have a "standing in the market" that will attract other certification body to take on the cost of getting accredited for doing CHS certifications.
- Accredited certifiers solely based in the global south may be difficult to find, since there are relatively few accreditation firms in the global south, e.g. there is only one accreditor doing ISO 17065 accreditation in Africa, based in South Africa.
- Taking on other certifiers at this stage risks pushing HQAI out of business, meaning that there will be no certification option.

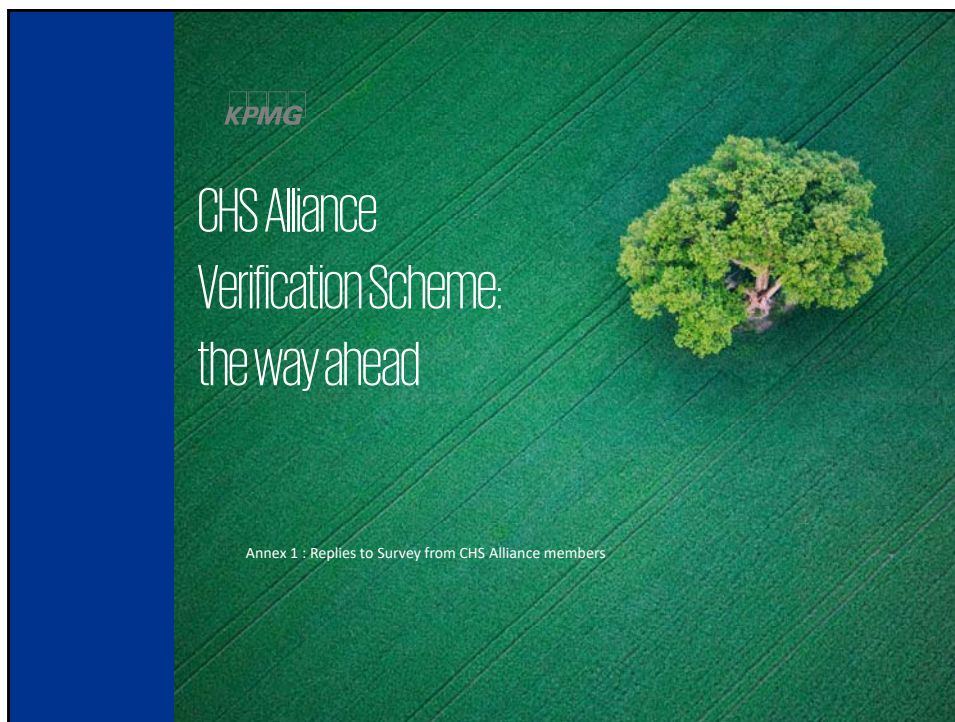
Another option that could be considered, is to develop an independent accreditations model for CHS that does not need ISO accreditation. This will require:

- The development of a clear certification standard - developed by CHSA, donors or using ISO standard as a criteria.
- Training of certifiers according the CHS Verification Framework and the CHS Certification Standard.
- Develop a control system to quality control the certifiers, implemented by CHSA, donors or third party verifications of certifiers.

This will have the potential of developing a certification system better suited to the needs of the sector. However, it will require time and resources to develop and implement, and it will require a sector wide approach in order to stablish needed buy-in by all relevant stakeholders to build needed credibility.

Further assessment of the certification system should be discussed with the donors and members, and assessed in relation to how committed the donors are in continuing to fund, or even to take on more of the "ownership role" for the certification, as part of developing an independent due diligence system.

Annex 1 Replies to Survey from CHS Alliance members



02/05/2019 10:04

The survey was developed by KPMG and send out by the CHS Alliance to its 154 members. 59 completed the survey, representing 56 of the CHSA members. For the three organization where duplicate replies were received, the replies differed: As these replies may represent different parts of an organization or different opinions on the Verification Scheme, it as agreed with CHSA to include all the replies in the analysis.

Of the 56 organisations responded to survey:

- 38 organisations have their HQ in the «Global North» (68%)
- 18 organisations have their HQ in the «Global South» (32%)

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CHS Alliance Members Questionnaire 02/05/2019 10:04

2. What is the full name of your organisation?

Mavi Kalem

International Medical Corps

Muslim Hands

medical teams international

MERCY Malaysia

Solidar Suisse

Humanitarian Initiative Just Relief Aid (HIJRA)

RISDA-Bangladesh

Action Against Hunger

ACTED

Deutsche Welthungerhilfe e.V.

Norwegian Church Aid

LUTHERAN WORLD SERVICE INDIA TRUST

Concern Worldwide

Mission East

SEEDS

People in Need

TEAR Australia

MERCY Malaysia

British Red Cross

The Church of Sweden, International work

CARE International

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CHS Alliance Members Questionnaire 02/05/2019 10:04

2. What is the full name of your organisation?

Cesvi

ACT Alliance

The Scottish Catholic International Aid Fund

TPO Uganda

HEKS/EPER - Swiss Church Aid

War Child Holland

ZOA

ADRA International

The Border Consortium

Christian Commission for Development in Bangladesh (CCDB)

Association of Voluntary Actions for Society (AVAS)

Asociación Comité Español de la UNRWA

Association Najdeh

Habitat for Humanity International

Stichting Vluchteling

Save the Children International

Fast Rural Development Program

The Lutheran World Federation

National Society for Earthquake Technology -Nepal

TEAR Australia

World Relief

Malteser International

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CHS Alliance Members Questionnaire 02/05/2019 10:04

2. What is the full name of your organisation?

Christian World Service

THE EVANGELICAL FELLOWSHIP OF INDIA COMMISSION ON RELIEF (EFICOR)

Amra Kaj Kory (AKK)

ACTED

Plan International

Trócaire

Medair

Diakonia

Tearfund

Christian IAd

CAFOD

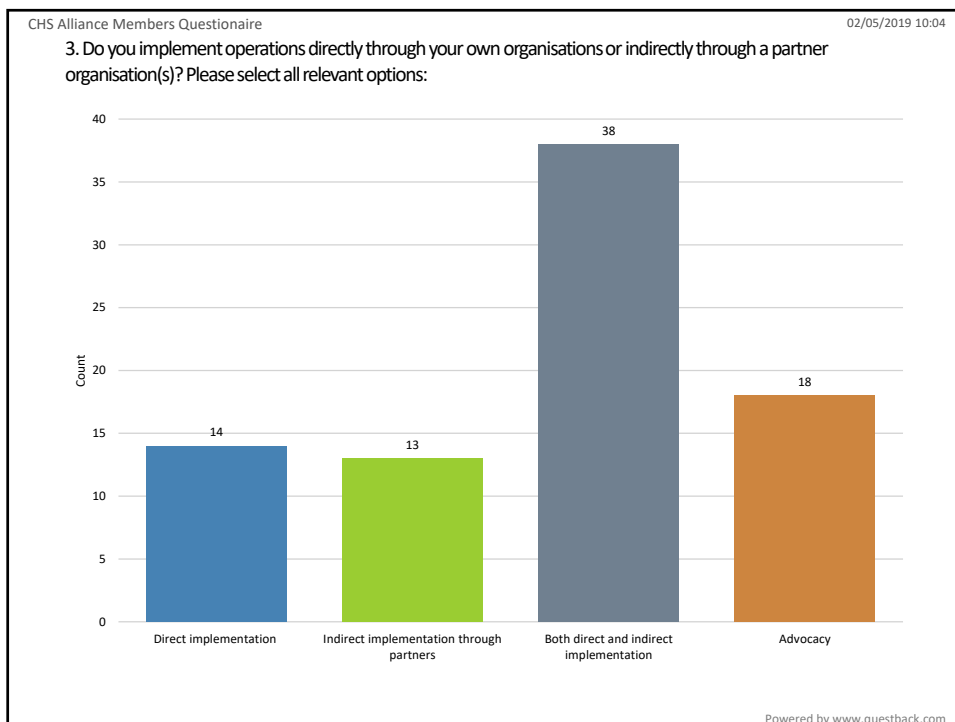
Oxfam International

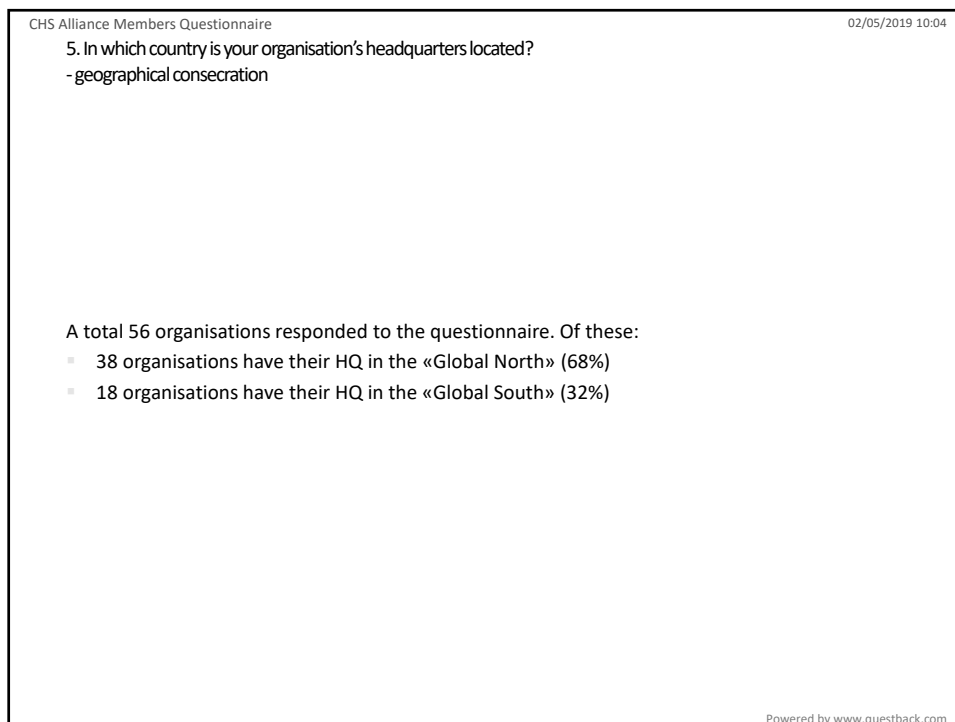
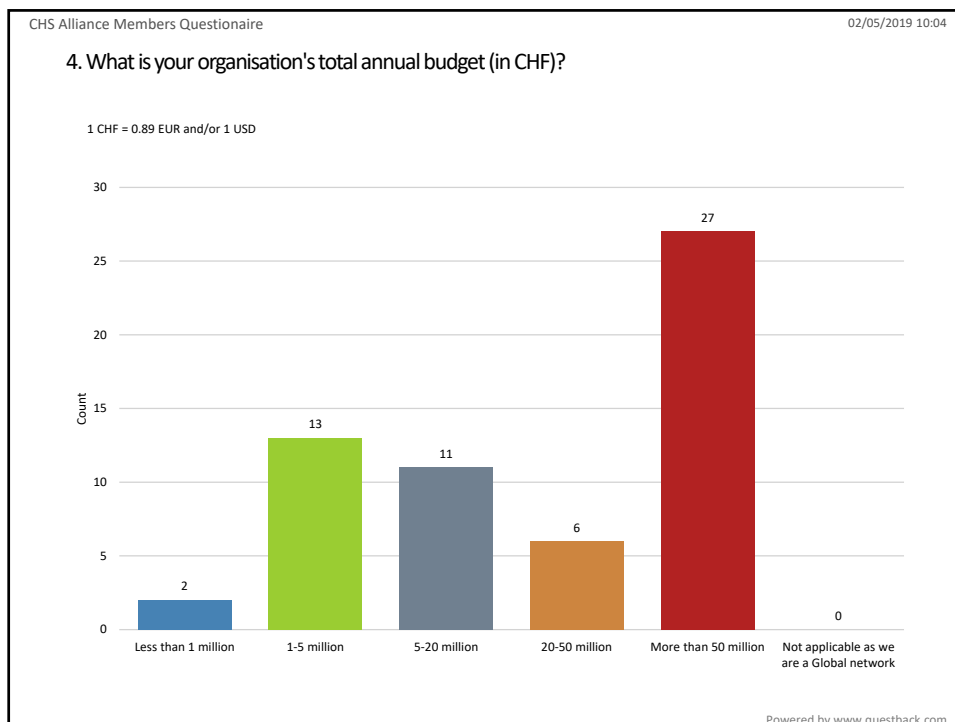
COAST Trust

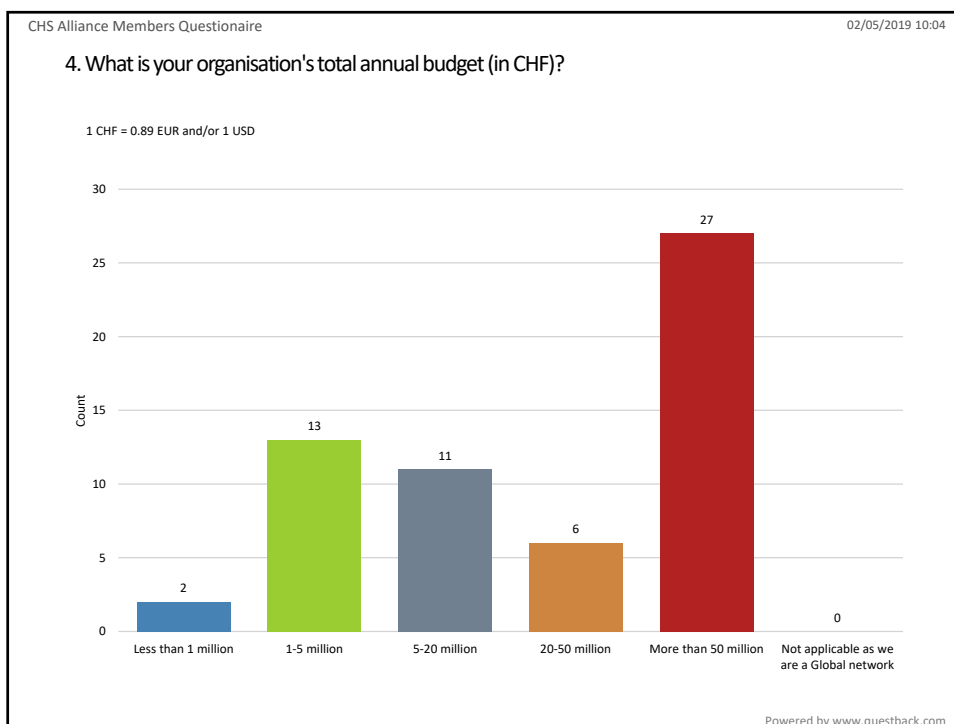
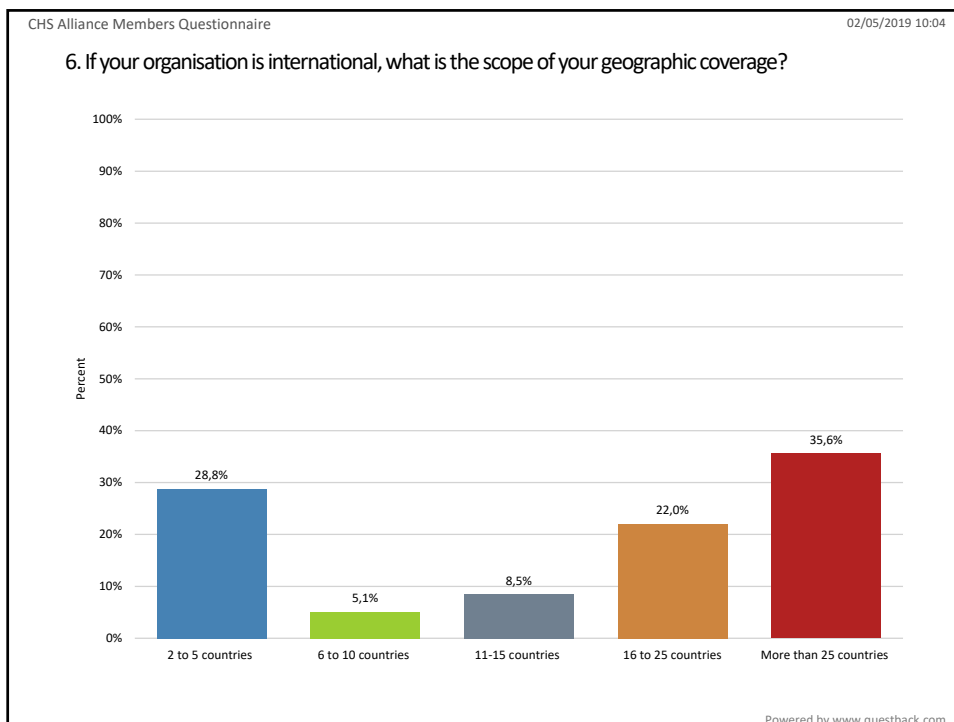
Community World Service Asia

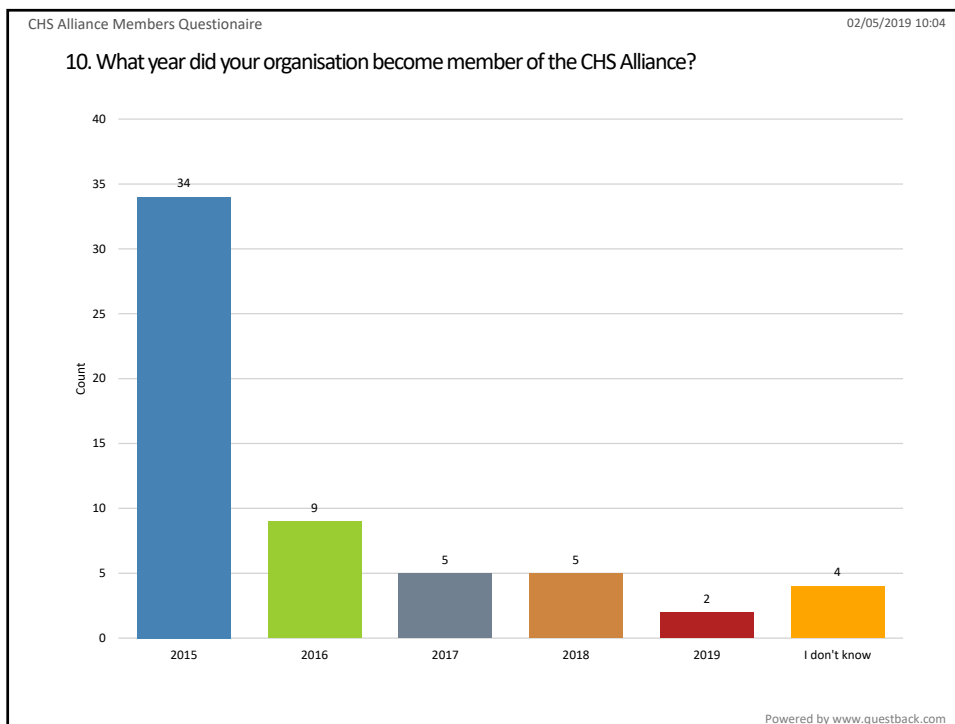
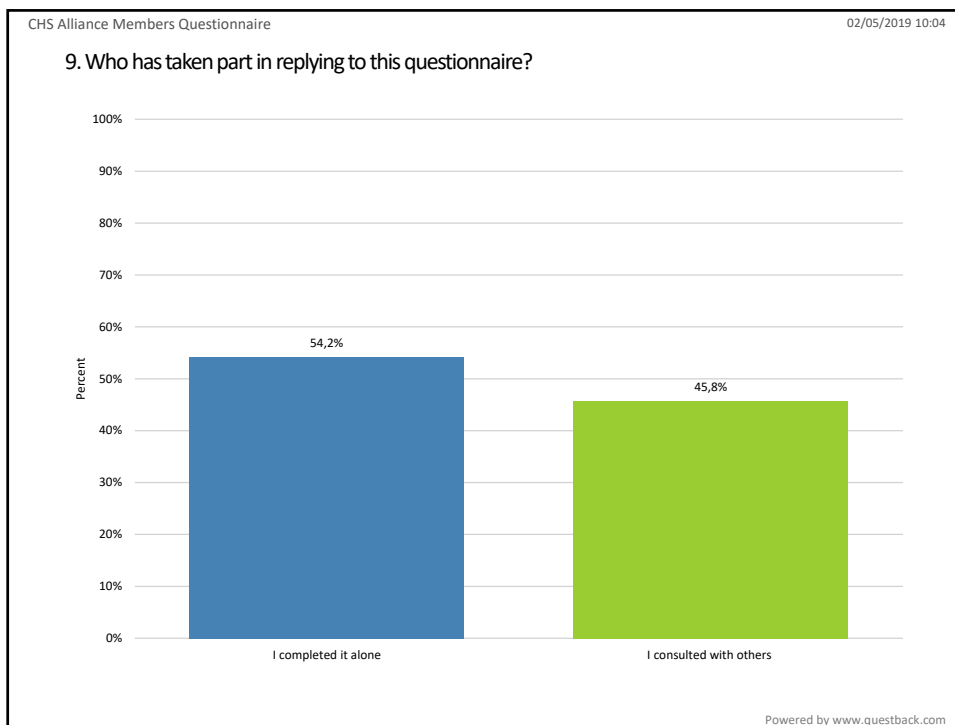
Islamic Relief Worldwide

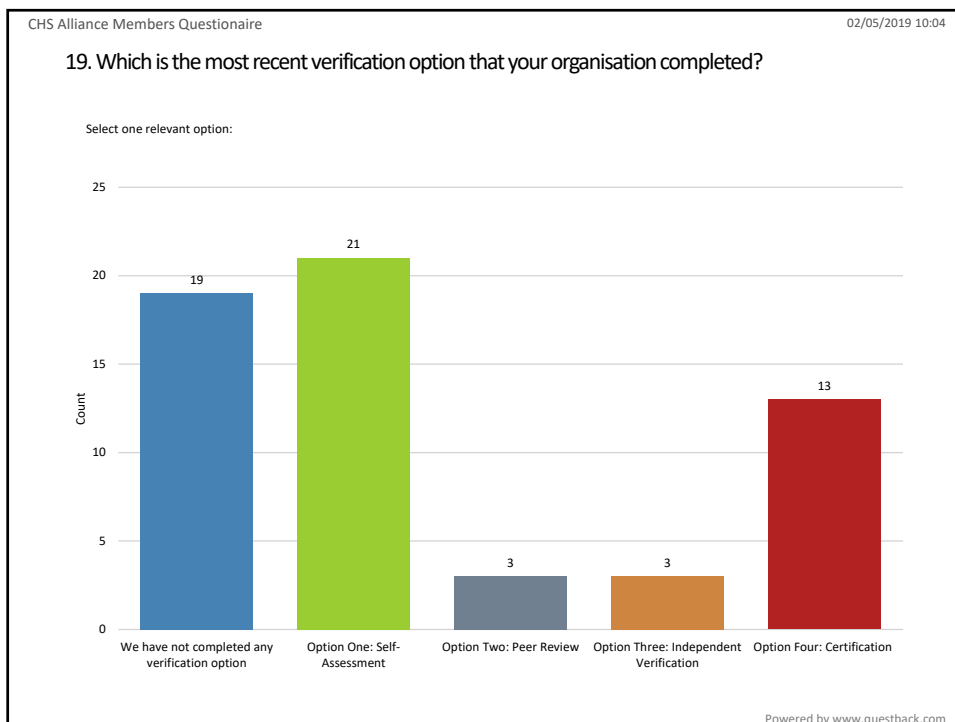
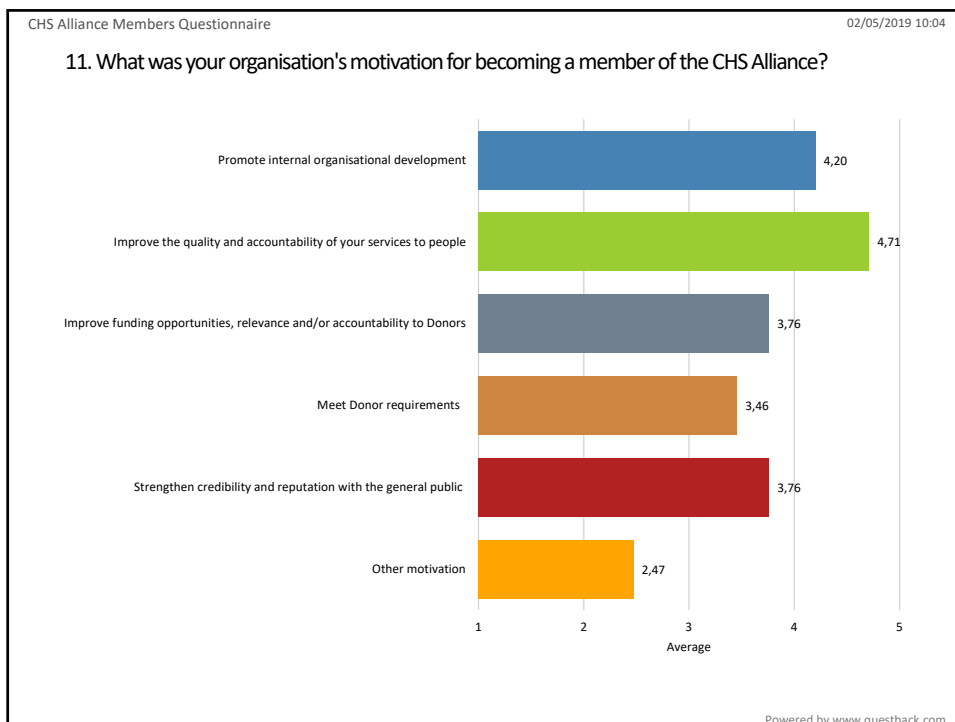
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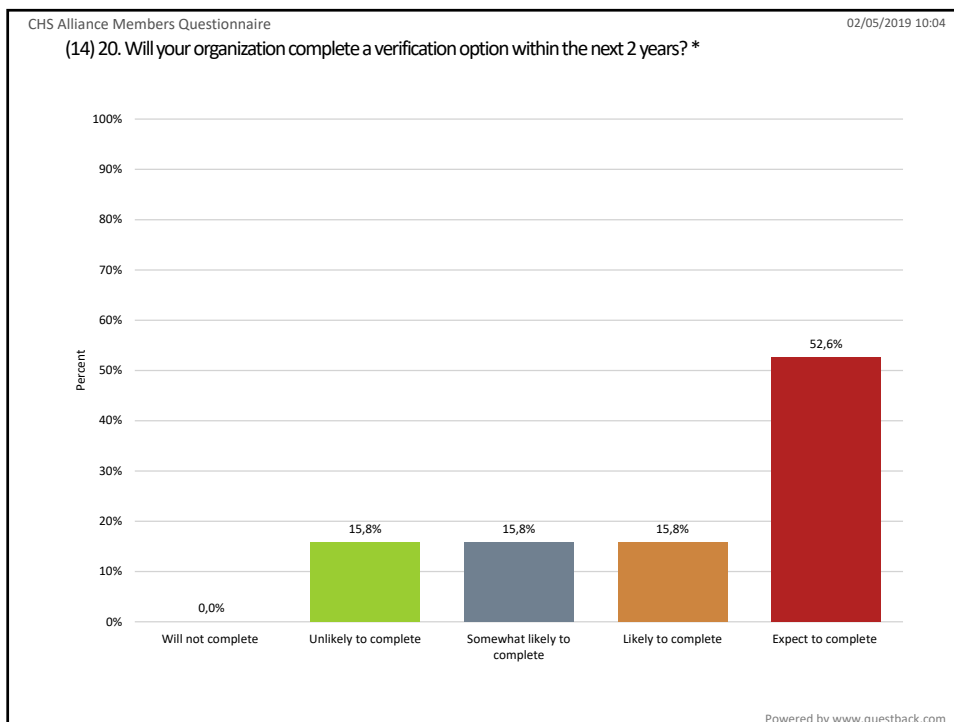


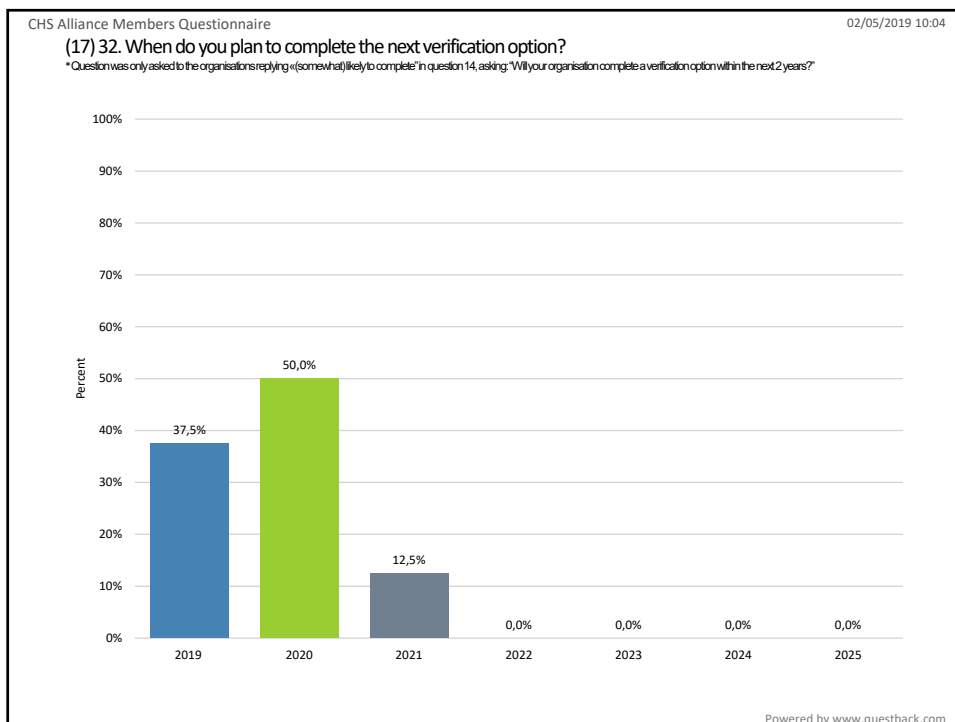
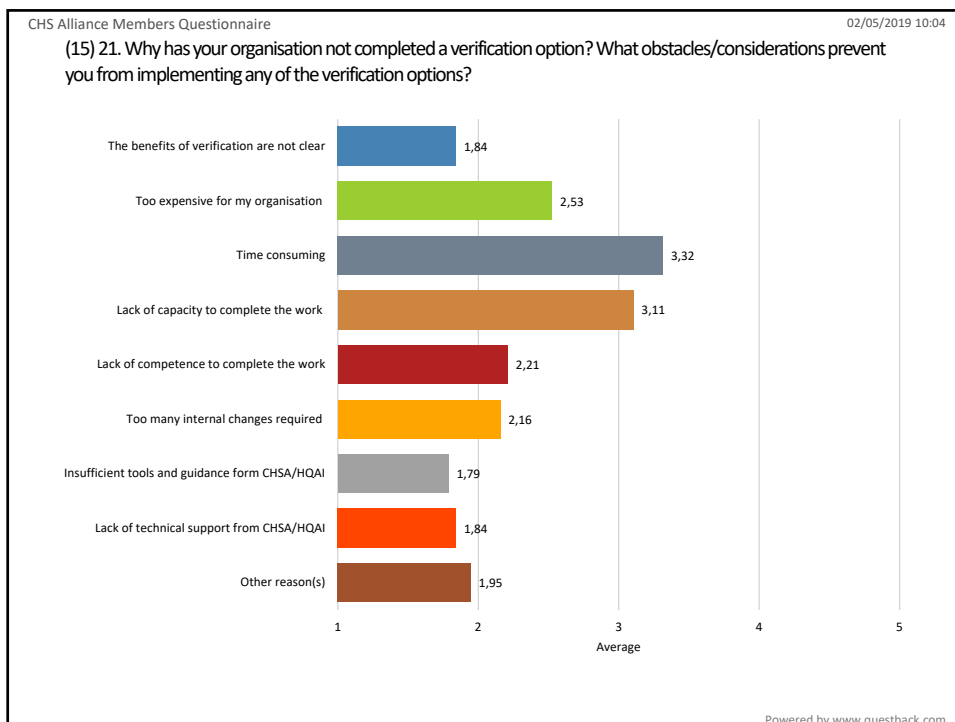


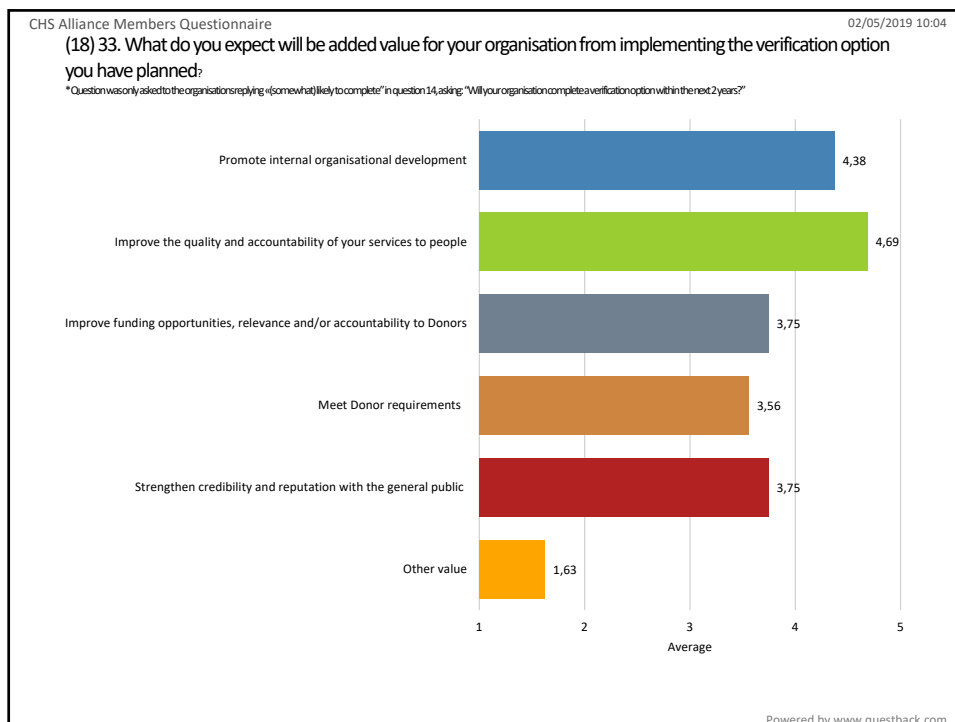




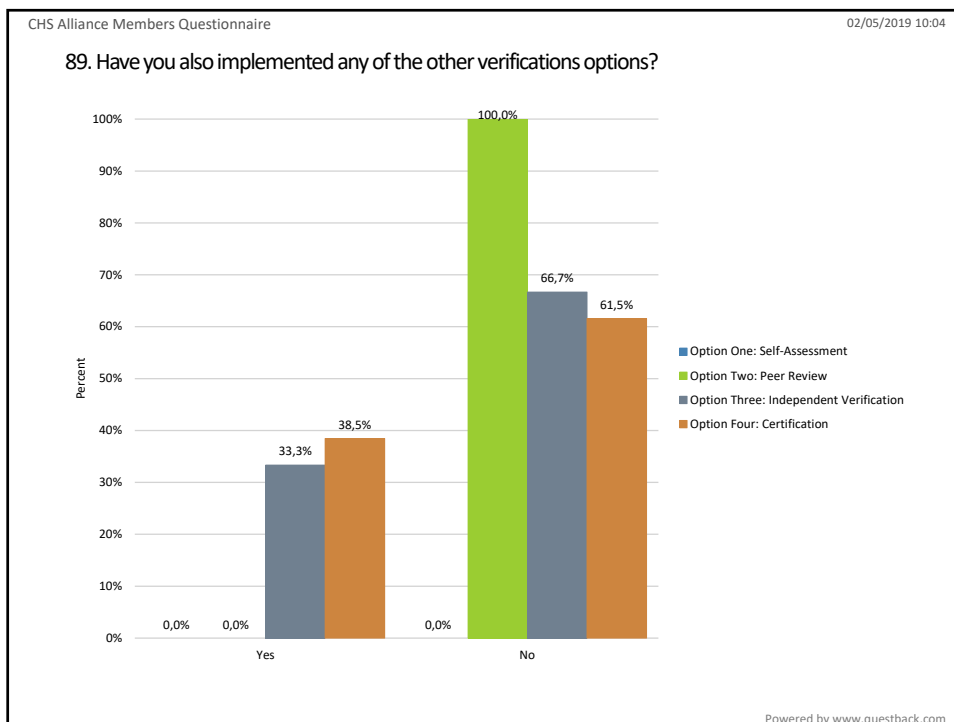
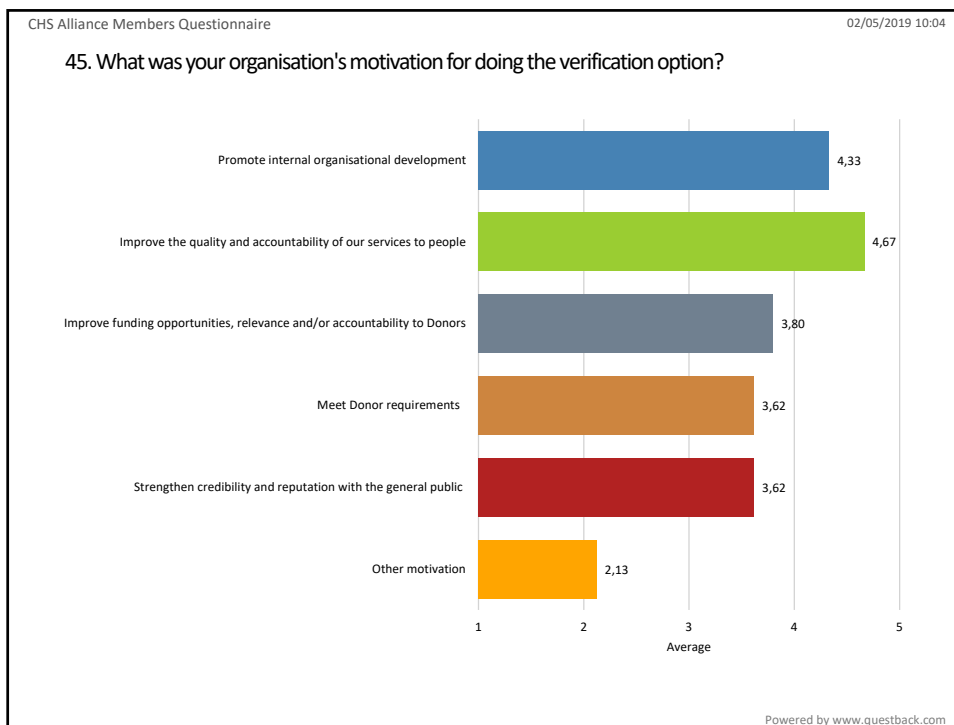
Replies from members who have not yet completed any verifications
 - 19 replies

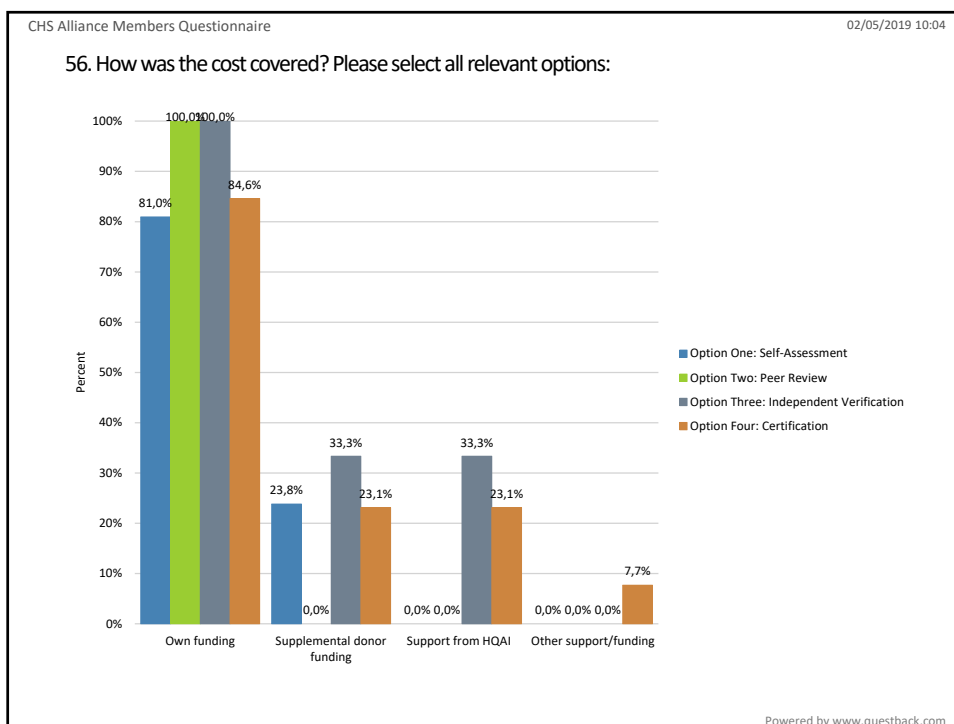
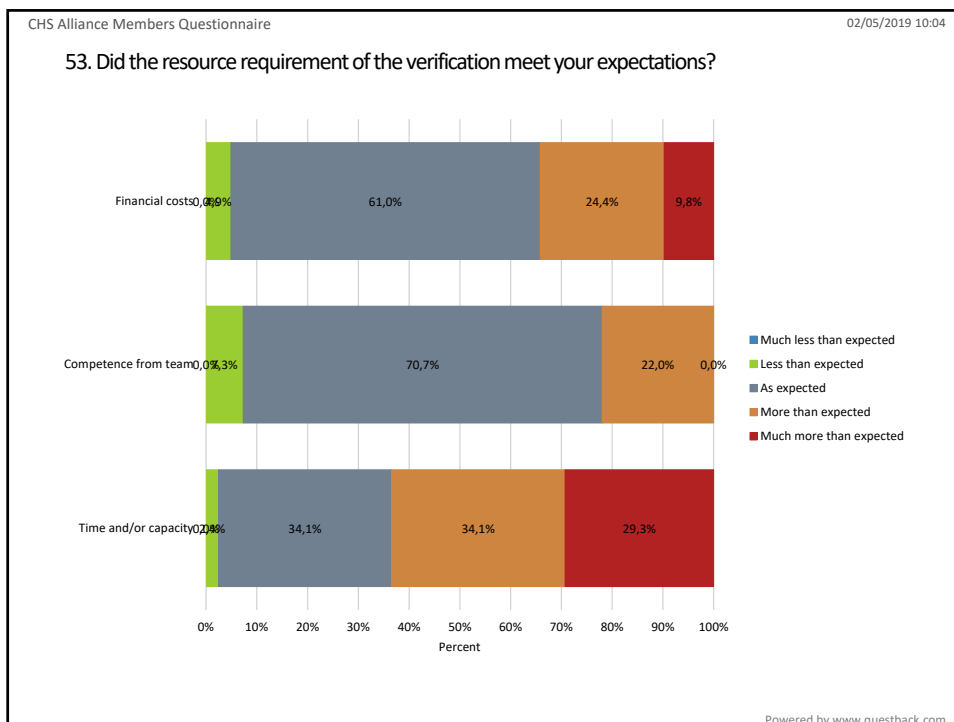


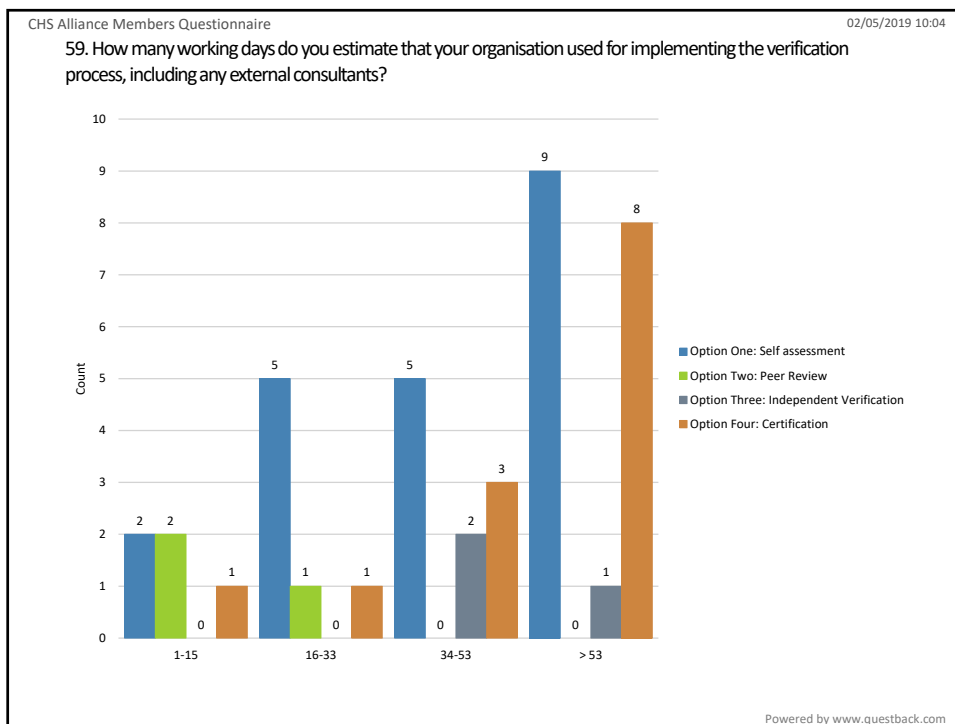
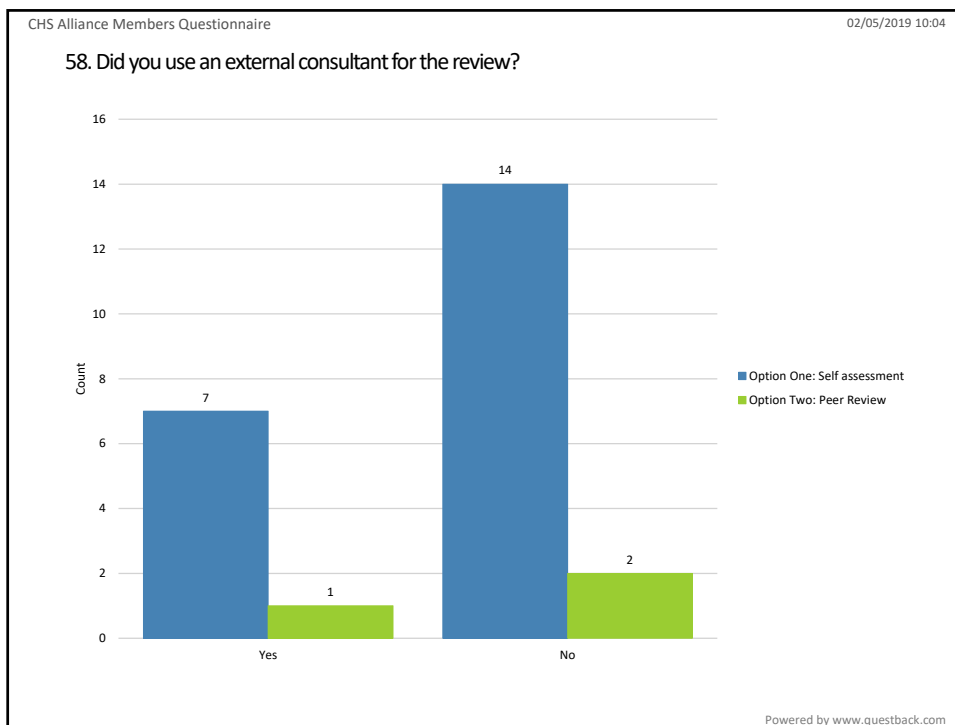


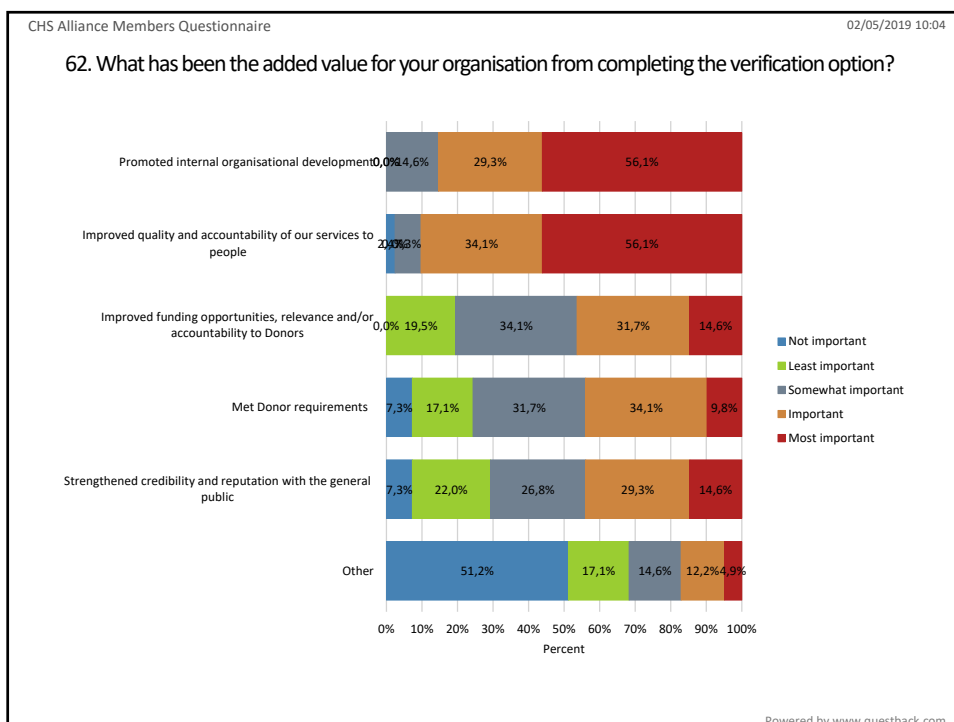
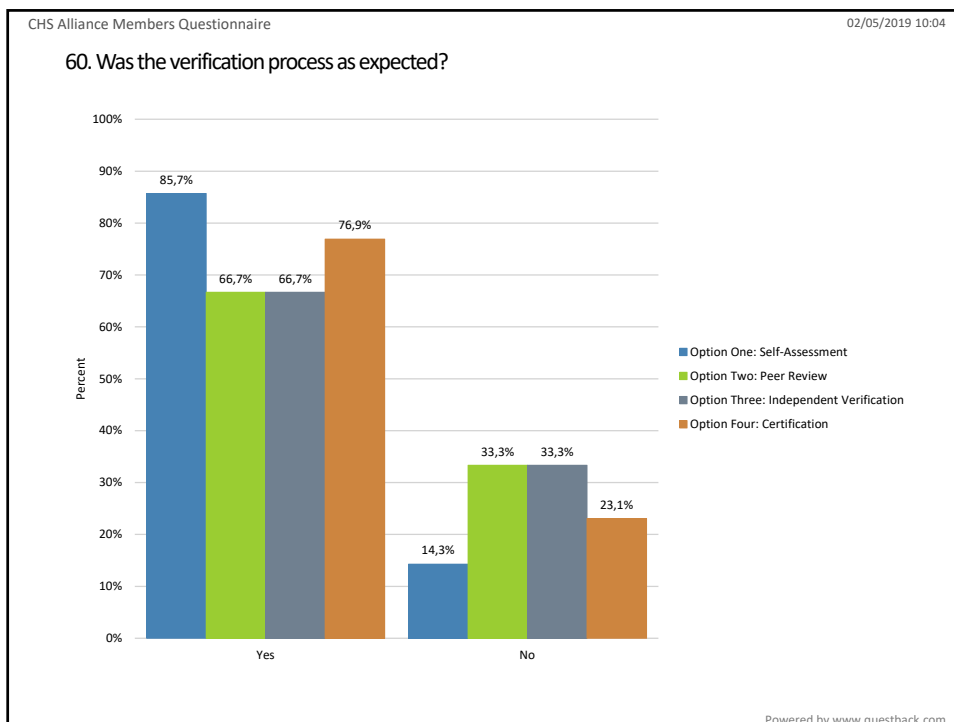


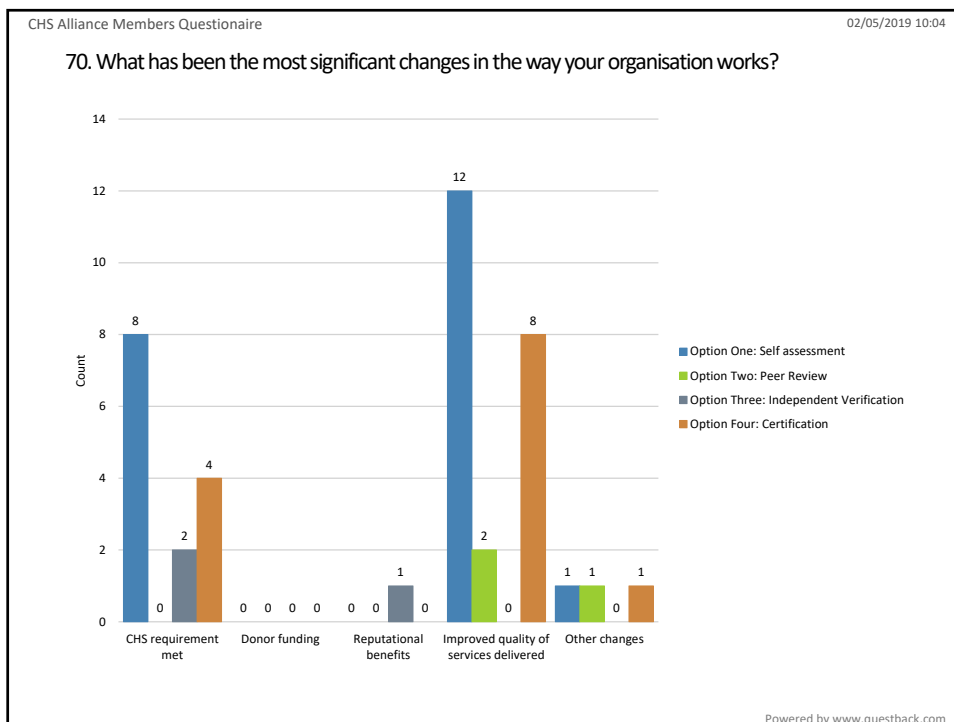
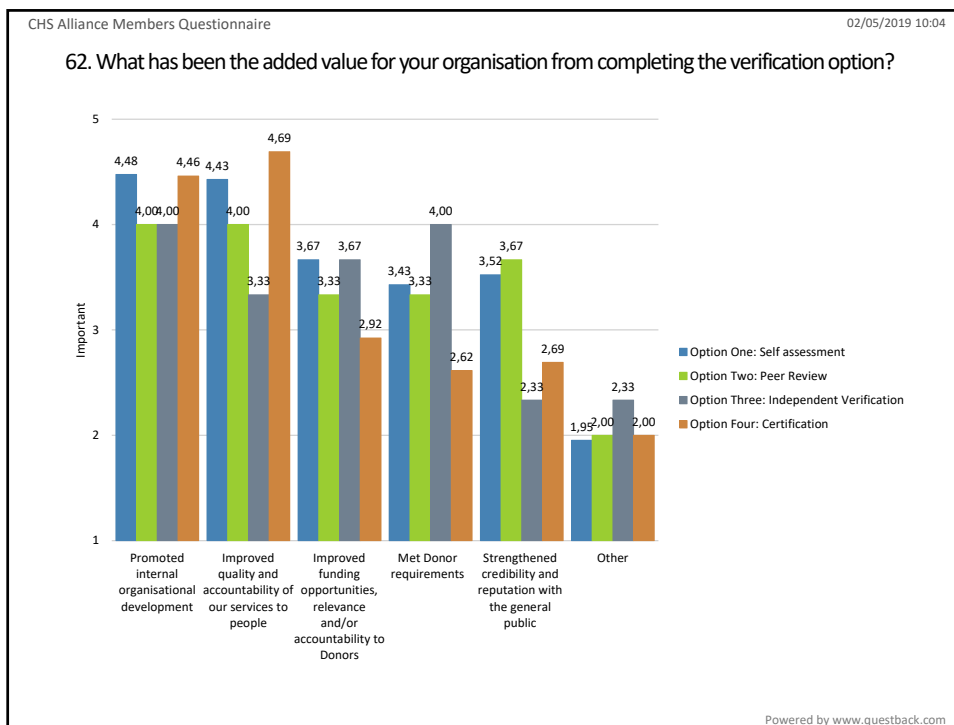
Replies from members who have
completed verifications
 - 40 replies

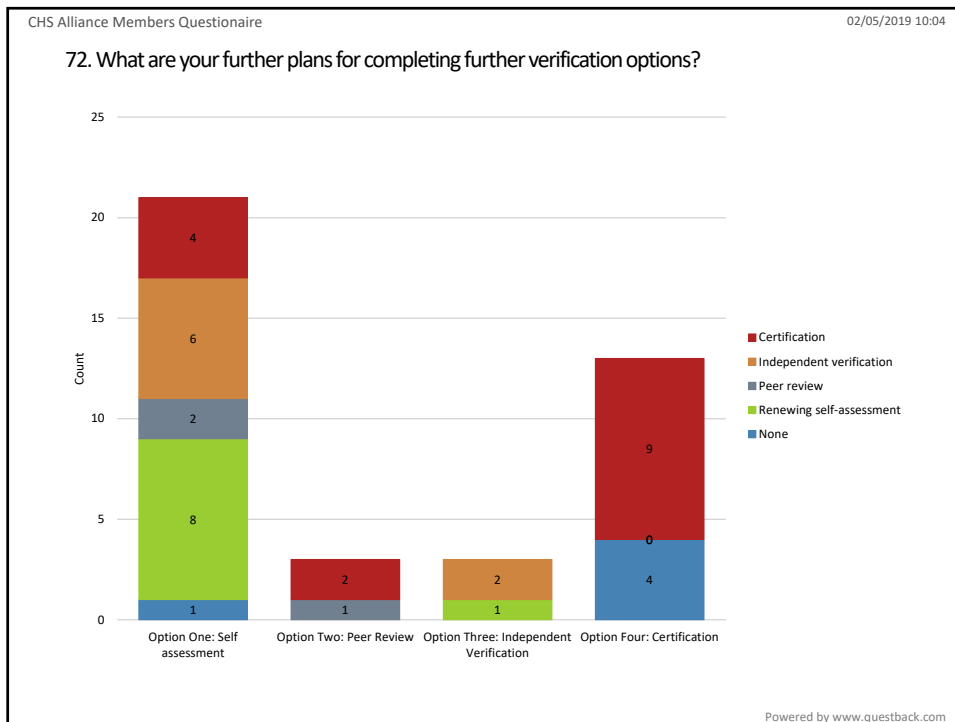
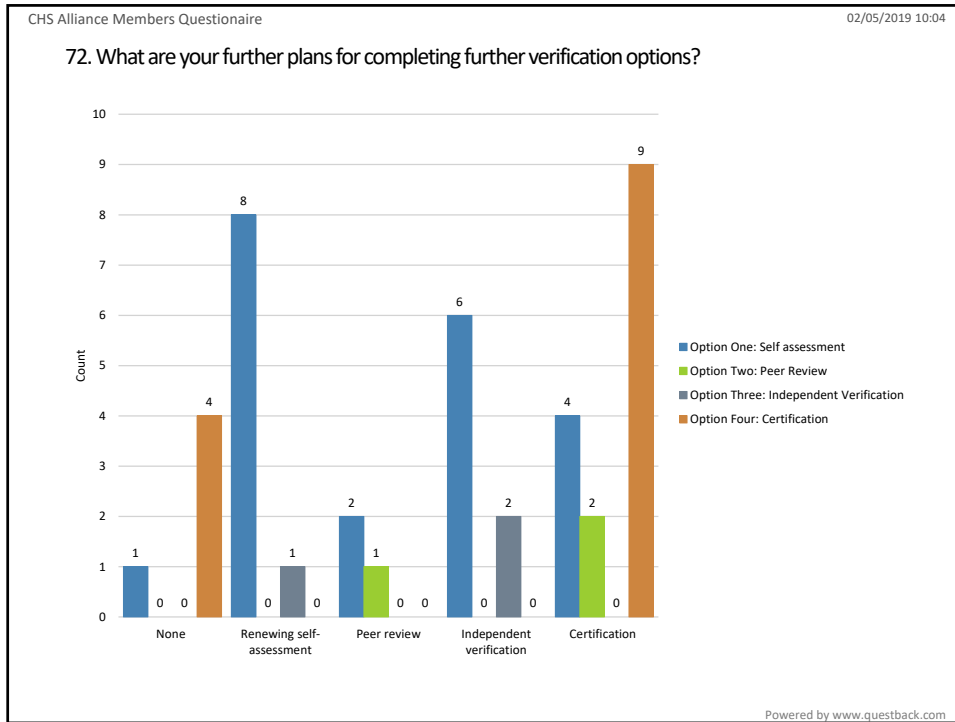


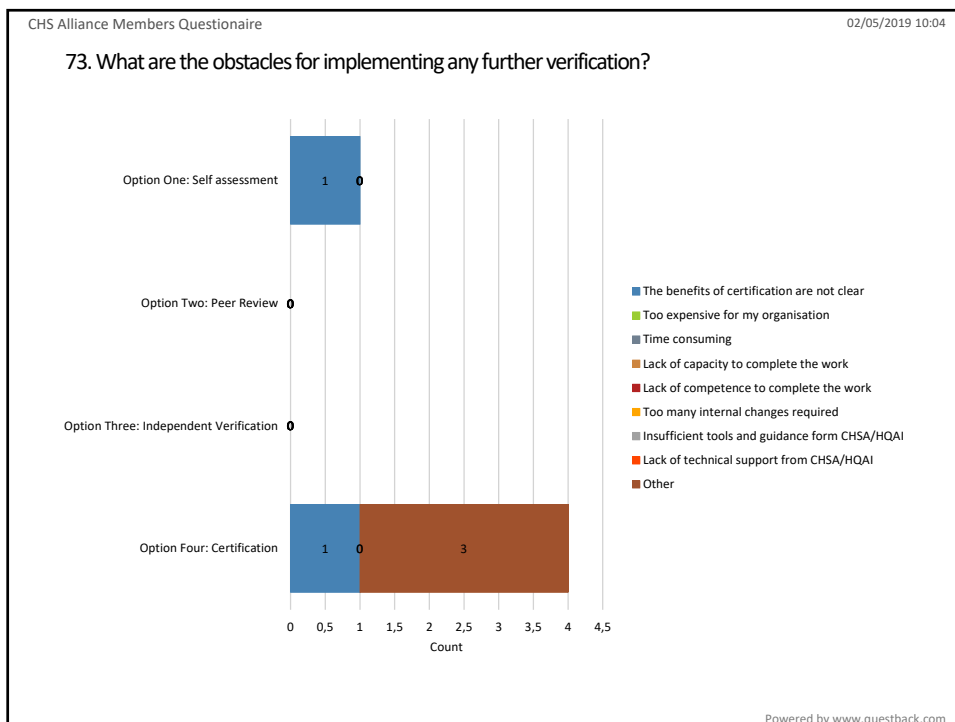
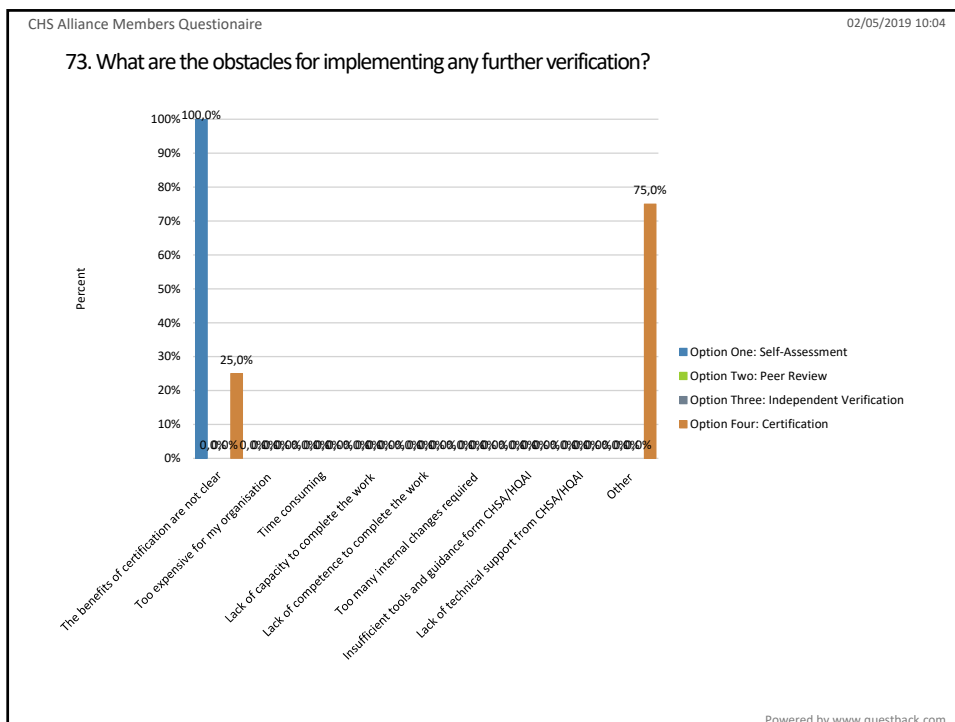


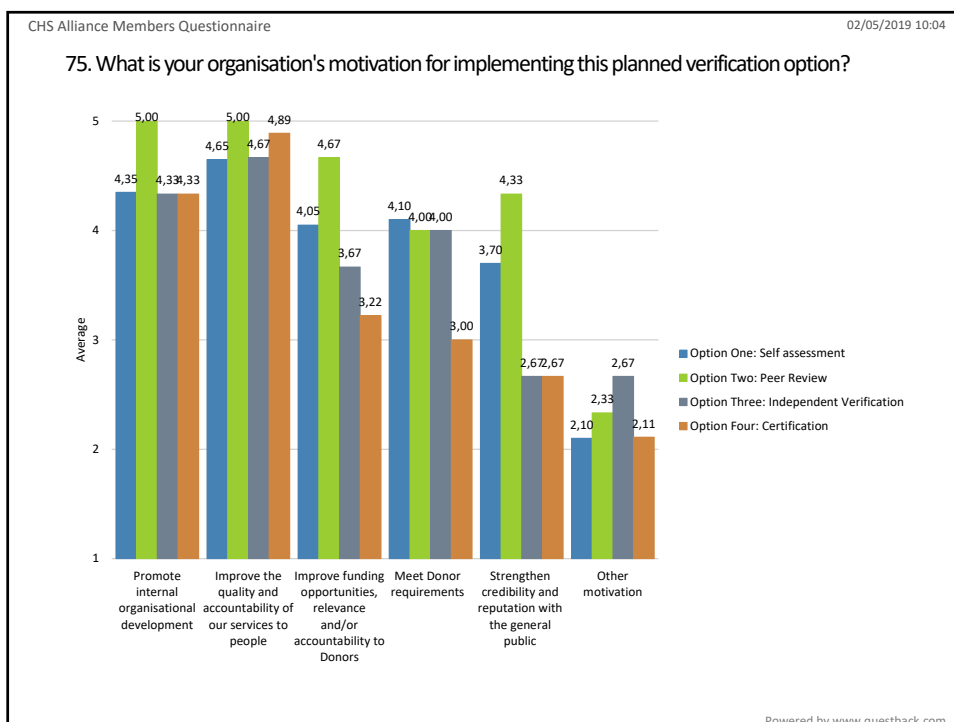
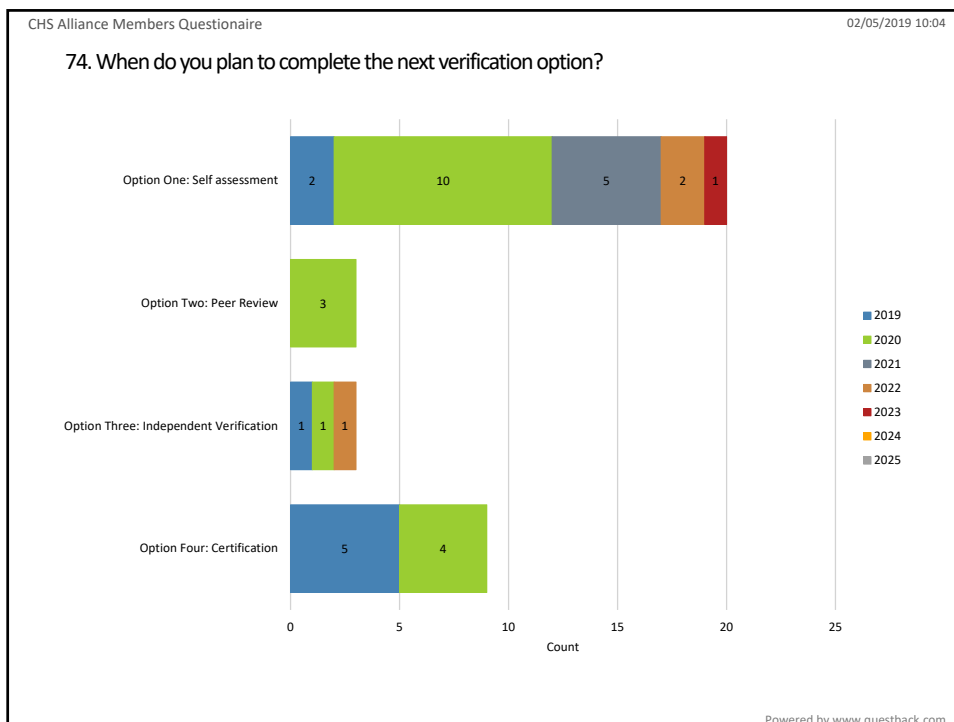


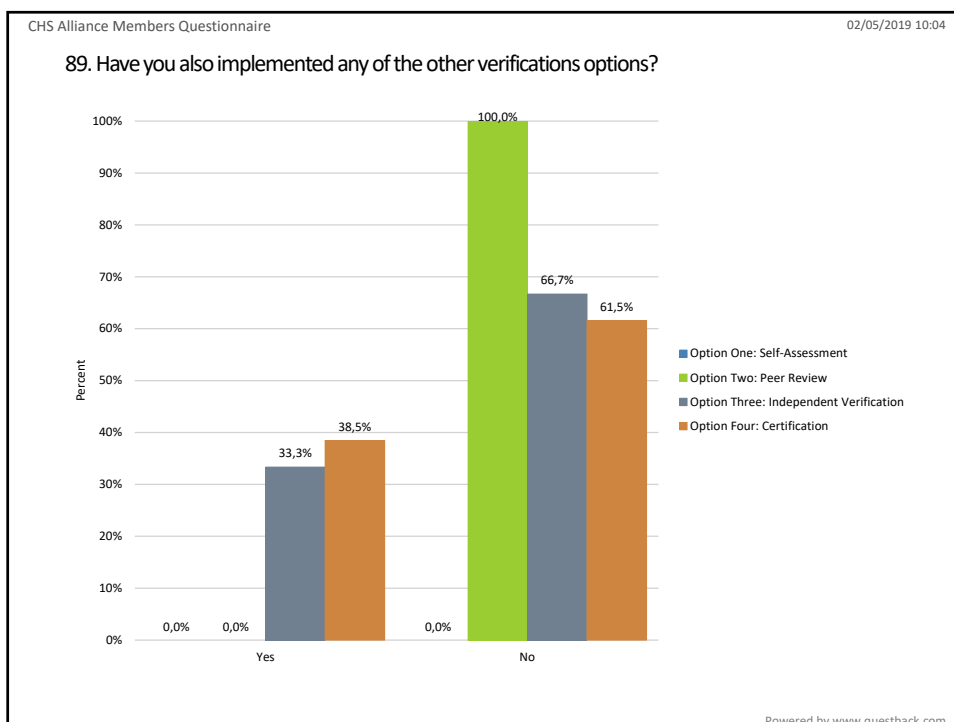
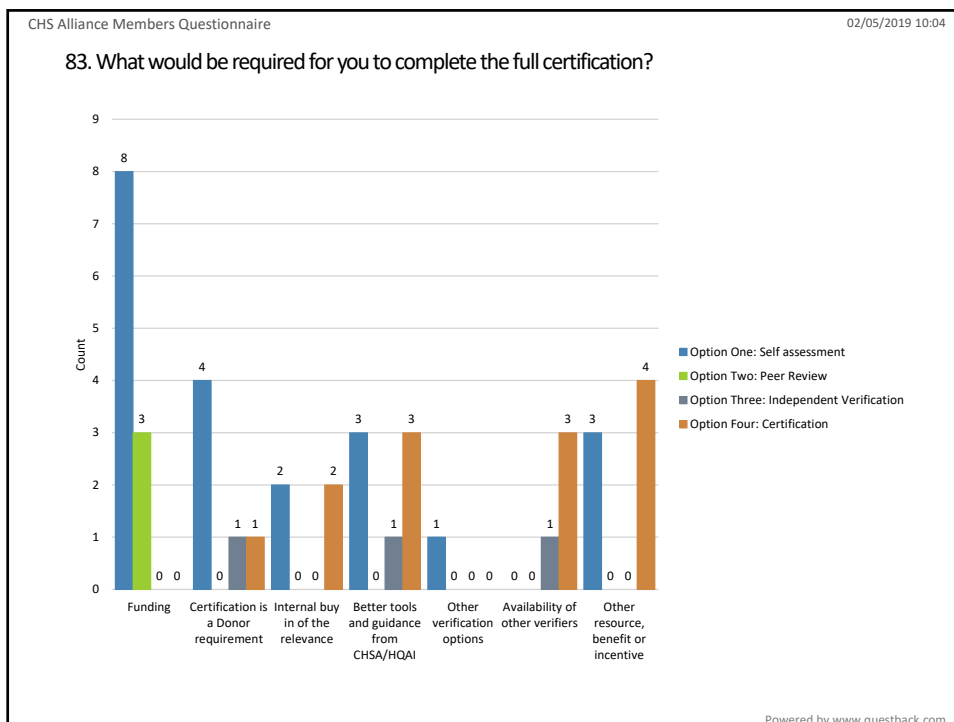


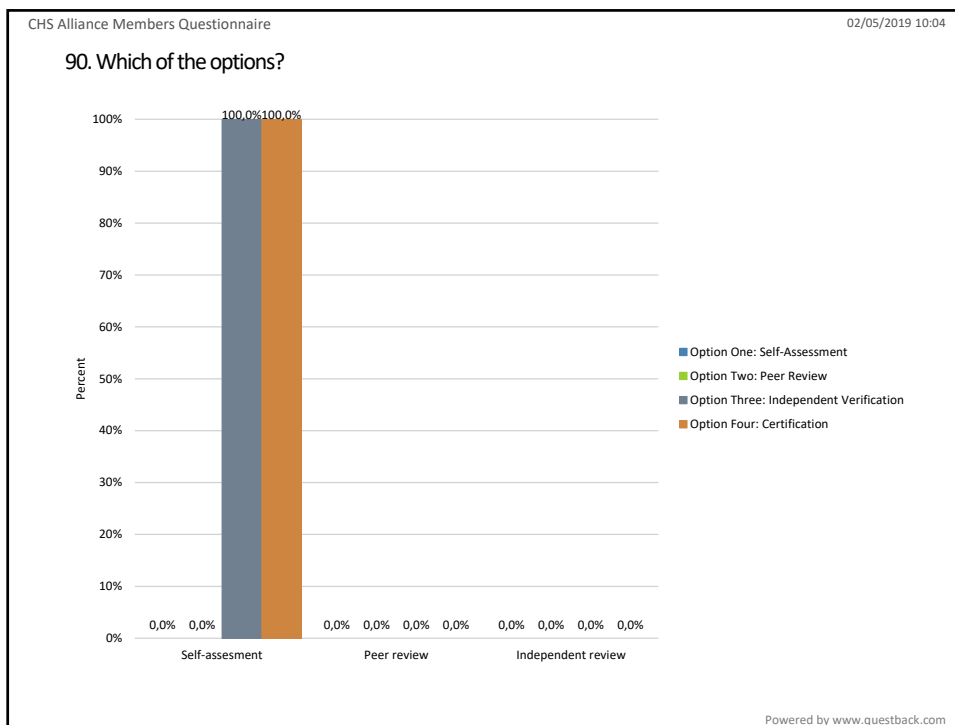












Annex 2 – People interviewed

Organisation	Person interviewed
CHSA	Tanya Wood
CHSA	Bonaventure Sokpoh
CHSA	Adrien Muratet
CHSA	Robert Tickner
CAFOD	Mathew Carter
Coast Trust	Reeza Chowdhury
TPO	Patrick Onyango Mangen
Save the Children	Daniele Timarco
Medair	Andrew Parris
Mercy Malaysia	Rossimah Mohamed
SEEDS	Varghese Anthony
IRC	Erica Pilcher
Concern Worldwide	Carol Morgan
Naba'a	Yasser Daoud
Groupe URD	Veronique De Geoffroy
Sphere	Christine Knudsen
HQAI	Pierre Hauselmann
HQAI	Clear Goldsmith
HQAI	Elissa Goucem
HQAI	Jaques Foster
DANIDA	Mille Døllner Fjeldsted
Germany	Kasten, Berit
SDC	Besson Philippe
DFID	Peter Taylor

People interviewed were selected by KPMG based on a list of suggestions from the CHS Alliance.

Annex 3 Review of six verification models from other standards

	EITI	ACFID	Fairtrade	SA 8000	GFGP	Trusted Charity
Standards	<p>The Extractive Industries Transparency Initiative (EITI) is the global standard to promote the open and accountable management of oil, gas and mineral resources</p> <p>- For: Governments</p>	<p>The Code aims to improve international development and humanitarian action outcomes and increase stakeholder trust by enhancing the transparency, accountability and effectiveness of ACFID Members</p> <p>- For: Australian organisations that actively work in the international aid and development sector</p>	<p>The Fairtrade Standards are designed to support the sustainable development of small producer organisations and agricultural workers in the poorest countries in the world. The Fairtrade Standards, comprising Fairtrade Generic Standards and Fairtrade Product-specific Standards, are requirements that producers and traders have to meet in order to obtain Fairtrade product certification.</p> <p>- For: Farmers, plantations, traders and brands</p>	<p>SA 8000 is a social certification standard for factories and organisations across the globe. The standards aim at helping certified organisations demonstrate their dedication to the fair treatment of workers across industries and in any country.</p> <p>- For: Companies, brands, suppliers, licensees, retailers, international organisations</p>	<p>The objective of the standard for Good Financial Grant Practice (GFGP) is to standardize, simplify and strengthen the financial governance of grant funding. The areas of grant management covered in the GFGP standard are Financial management, Procurement, Human resources and Governance.</p> <p>- For: Grantors and grantees worldwide, regardless of sector</p>	<p>NCVO Trusted Charity is a quality assurance standard appropriate for all voluntary organisations and social enterprises,</p> <p>Trusted Charity sets out what organisations need to have in place to be legally and financially compliant and to ensure robust:</p> <ul style="list-style-type: none"> -governance practices -financial and risk management procedures -systems for measuring outcomes <p>-For: Voluntary organisations in the UK</p>



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