Appendix I: Terms of Reference (ToR) for Micro Assessment

This TOR has been developed to guide United Nations agencies (UN agencies), third party service providers and implementing partners (IPs) through the objectives, scope, logistics and deliverables of performing micro assessments.

Objective and scope of the micro assessment

The micro assessment is performed by a third party service provider and includes a site visit to the IP. The assessment primarily consists of interviews with IP personnel and a review of relevant documentation sufficient to complete the micro assessment questionnaire (Annex 2). The questionnaire provides an overall risk rating based on responses provided:

- **Low risk –** Indicates a well-developed financial management system and functioning control framework with a low likelihood of negative impact on the IP's ability to execute the programme in accordance with the work plan.

- **Moderate[1] Risk** – Indicates a developed financial management system and control framework with moderate likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.

- **Significant Risk** – Indicates an underdeveloped financial management system or control framework with a significant likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan. Thinking we should just merge significant and high risk as HIGH RISK

- **High Risk** – Indicates an underdeveloped financial management system and control framework with a high likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.

The overall risk rating is used by the UN agencies, along with other available information (e.g. history of engagement with the agency and previous assurance results), to determine the type and frequency of assurance activities as per each agency's guidelines and can be taken into consideration when selecting the appropriate cash transfer modality for an IP, based on each agency's business model (further detailed in section 8).

Logistics

The assessment should be completed (including the site visit and report issuance) within four weeks of engaging the third party service provider. The UN agency/ies' HACT focal point and/or inter-agency coordinator will introduce the service provider to the IP and facilitate the site visit.

The UN agency/ies provide the following documentation to the service provider for review before starting fieldwork:

- Copy of the latest macro assessments performed for the country;
- UN agency/ies' work plan(s) and programme documents with the IP

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[1] Throughout agencies' policies and systems, "moderate" and "medium" may be used interchangeably to describe the risk rating between low and significant".

- Copies of reports of any micro assessments or other relevant assessment previously performed on the IP e.g. review of the IPs or Country's Public Procurement System to determine its compatibility with the UN's Procurement Rules and Regulations

- Copies of reports of any financial or internal control audits and spot checks previously performed on the IP; and
- IP and Programme information as per Annex 1
- Any other documentation that may help the service provider better understand the context from a United Nations perspective.

Procedures and deliverables

The third party service provider receives general information regarding the IP and the programme from the UN agency/ies' HACT focal point and/or the inter-agency coordinator in preparation for the assessment (see Annex 1 and Items to be provided above). The service provider reviews this documentation in advance of performing a site visit to the IP. The service provider should also provide the IP with an advance request of the documents and interviews they would like to have while on site, to ensure efficient use of time while on-site.

The third party service provider also completes the micro assessment questionnaire (Annex 2, with instructions) based on the procedures performed during the assessment period. The service provider discusses the results of the questionnaire with relevant IP personnel and the UN agency/ies' HACT focal point before finalizing it. Upon finalization, the service provider delivers an executive summary, detailing the overall risk rating and specific identified risks, and the completed questionnaire.

The micro assessment report is to be delivered in the format given in Annex 3.

Qualifications of the third party service provider

The third party service provider must be experienced in performing assessments similar to a micro assessment and assessing risks related to organizational financial management capacity (i.e. accounting, reporting, procurement and internal controls). The service provider must also have knowledge of the United Nations system and the development sector.

CVs of all members of the assessment team should be provided to the commissioning UN agency/ies and should include details on engagements carried out by relevant staff, including ongoing assignments indicating responsibilities assumed by them and their qualifications and experience in undertaking similar assessments.

Annex 1. IP and Programme Information

The following information should be completed at the start of the micro assessment and annexed to the report as per the format in Annex 3.

Implementing partner name:	
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	
Implementing partner contact details (contact name, email address and telephone number):	
Main programmes implemented with the applicable UN Agency/ies:	
Key Official in charge of the UN Agency/ies' programme(s):	
Programme location(s):	
Location of records related to the UN Agency/ies' prorgamme(s):	
Currency of records maintained:	
Latest expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable). Indicate the amount (in US$) and the financial reporting period ;	
Current or latest cash transfer modality/ies used by the UN agency/ies to the IP	
Intended start date of micro assessment:	
Number of days to be spent for visit to IP:	
Any special requests to be considered during the micro assessment:	

Annex 2: Micro Assessment Questionnaire

> Please see separately provided excel format for the questionnaire with calculation formulas included, <u>which has to be used</u>. The excel file can also be found at www.undg.org/.

Instructions

This questionnaire contains questions related to seven subject areas. Certain questions are classified as "key questions" indicating that they have a greater impact in assessing the effective functioning of the IP's control framework.

1. Answer each question by selecting 'Yes', 'No' or 'N/A' (for 'not applicable') from the drop down menu in the appropriate column.

2. Use the Risk Assessment column to assign a risk rating (high, significant, moderate or low) for each question based on the response obtained. For example, if the question addresses an item that should ideally be marked 'Yes' but was marked 'No', it should be assessed for the level of risk it presents to the effective functioning of the IP's control framework. Assigning risk ratings to each question requires judgment by the assessor as to how the response will impact the effectiveness of the IP's control framework. **Attention: THE APPROPRIATE RISK ASSESSMENT OR "NOT APPLICABLE" MUST BE SELECTED FOR EACH QUESTION. IF THERE ARE QUESTIONS CONTAINING "ERROR" THE RISK RATING FOR THE CATEGORY AND OVERALL WILL BE WRONGLY CALCULATED!**

3. The risk ratings to be used are:

    *   ***High*** – Response to question indicates a risk to the effective functioning of the IP's control framework that has a high likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives;

    *   ***Significant*** – Response to question indicates a risk to the effective functioning of the IP's control framework that has a significant likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives;

    *   ***Moderate*** – Response to question indicates a risk to the effective functioning of the IP's control framework that has a moderate likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives; or

    *   ***Low*** – Response to question indicates a low risk to the effective functioning of the IP's control framework and a low likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives.

    *   *N/A – The specific question is not applicable for the IP and therefore no risk rating is assigned.*

4. The Risk Points column automatically assign points to each question that correlate with the level of risk.

5. Points are assigned as follows:

Risk rating	Points: non-key questions	Points: key questions
H – High risk	4 points	8 points
S – Significant risk	3 points	6 points
M – Moderate risk	2 points	4 points
L – Low risk	1 point	1 point

6. Use the 'Remarks/ comments' column next to each question to provide details of your assessment or to highlight any important matters. This document will be referenced subsequently by the agency when performing additional assurance activities related to the IP. Sufficient details should be provided in this document for the agency to understand the details and rationale for your assessment.

Calculation of risk rating per subject area section

For each subject area, the risk points are totaled and divided by the number of applicable questions in that area, to give a risk rating for the subject area. The method of calculation is weighted average, where key questions have double the weight of non-key questions as illustrated in Note 1.

Calculation of overall risk rating

For all the questions in the questionnaire, the risk points are totaled and divided by the number of applicable questions, to give an overall average score. The method of calculation is weighted average, where key questions have double the weight of non-key questions as illustrated in Note 1.

Note 1 – Method of assigning risk ratings to risk scores

As per paragraph 5, key questions are assigned double the risk points, resulting in a weighted average method for calculating the overall and by subject area risk rating. Therefore, the risk rating assigned to the key questions have twice the weight in determining the risk rating.

Assume the following two scenarios with the same risk rating for the questions.

1. Scenario 1: There are three non-key questions having equal weight

2. Scenario 2: The first question is key and the remaining two questions are non-key.

Scenario 1	Risk Rating	Points
Question 1	High	4
Question 2	Low	1
Question 3	Low	1
Total Risk Points:		6
Overall Risk	Moderate	2

Scenario 2	Risk Rating	Points
Key Question 1	**High**	**8**
Question 2	Low	1
Question 3	Low	1
Total Risk Points		10
Overall Risk	Significant	3.3

The Excel spreadsheet automatically assigns the risk rating by using the following algorithm:

1. Only the applicable questions are taken into consideration
2. The minimum possible points for the subject area are calculated, that is if all questions are assigned low risk rating
3. The maximum possible points for the subject area are calculated, that is if all questions are assigned high risk rating
4. The ranges for each risk rating are calculated by evenly distributing between the lowest and highest applicable points
5. The actual risk points are matched with one of the four risk ranges to determine the overall risk category.

The same algorithm is applied when calculated the overall risk rating for the IP.

Annex 3: Micro Assessment Report Format

Front Page

Micro Assessment of [Name of the IP]
Commissioned by [Name of the UN Agency/ies]
Name of the 3rd Party Service Provider
Date

Table of Contents

1. Background, Scope and Methodology

Background

The micro assessment is part of the requirements under the Harmonized Approach to Cash Transfers (HACT) Framework. The HACT framework represents a common operational framework for UN agencies' transfer of cash to government and non-governmental implementing partners.

The micro-assessment assesses the IP's control framework. It results in a risk rating (low, moderate, significant or high). The overall risk rating is used by the UN agencies, along with other available information (e.g. history of engagement with the agency and previous assurance results), to determine the type and frequency of assurance activities as per each agency's guideline and can be taken into consideration when selecting the appropriate cash transfer modality for an IP.

Scope

The micro-assessment provides an overall assessment of the Implementing Partner's programme, financial and operations management policies, procedures, systems and internal controls. It includes:

- A review of the IP legal status, governance structures and financial viability; programme management, organizational structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring, and procurement;
- A focus on compliance with policies, procedures, regulations and institutional arrangements that are issued both by the Government and the Implementing Partner.

It takes into account results of any previous micro assessments conducted of the Implementing Partner.

Methodology

We performed the micro-assessment from [date] to [date] at [describe locations].

Through discussion with management, observation and walk-through tests of transactions, we have assessed the Implementing Partner's and the related internal control system with emphasis on:

- The effectiveness of the systems in providing the Implementing Partner's management with accurate and timely information for management of funds and assets in accordance with work plans and agreements with the United Nations agencies;
- The general effectiveness of the internal control system in protecting the assets and resources of the Implementing Partner.

We discussed the results of the micro assessment with applicable UN agency personnel and the IP prior to finalization of the report. The list of persons met and interviewed during the micro-assessment is set out in Annex III.

2. Summary of Risk Assessment Results

[Executive summary of the overall risk assessment].

The table below summarizes the results and main internal control gaps found during application of the micro-assessment questionnaire (in Annex IV). Detailed findings and recommendations are set out in section 3. Below:

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
1. Implementing partner		
2. Programme Management		
3. Organizational structure and staffing		
4. Accounting policies and procedures		
5. Fixed Assets and Inventory		
6. Financial Reporting and Monitoring		
7. Procurement		

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
Overall Risk Assessment		

High, Significant, Moderate, Low

3. Detailed Internal Control Findings and Recommendations

No.	Description of Finding	Recommendation and IP Management Response
1.	**Example: Insufficient staff training** *We noted that staff employed in the accounts department, who were primarily bookkeepers / administrators, had not received training on UN requirements for financial management and reporting, and had received only informal "on the job" training on the GABS accounting system.* *Lack of sufficient training increases the risk of error and failure to comply with the UN financial reporting requirements.*	*Example:* *The organisation should ensure staff are properly trained and aware of UN financial reporting requirements.* **IP Management Response** *A training session with the assistants of the UN Agency HACT Focal Point will be organized within the next month.*
	Etc	

Annex I. IP and Programme Information

Implementing partner name:	
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	
Implementing partner contact details (contact name, email address and telephone number):	
Main programmes implemented with the applicable UN Agency/ies:	
Key Official in charge of the UN Agency/ies' prorgamme(s):	
Programme location(s):	
Location of records related to the UN Agency/ies' prorgamme(s):	
Currency of records maintained:	
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US$);	
Cash transfer modality/ies used by the UN agency/ies to the IP	
Intended start date of micro assessment:	
Number of days to be spent for visit to IP:	
Any special requests to be considered during the micro assessment:	

Annex II. Implementing Partner Organizational Chart

Annex III. List of Persons Met

Name	Unit/organization	Position

Annex IV. Micro Assessment Questionnaire

Include here the completed questionnaire and provide it in original excel format to the UN agency.

		Guidance	Yes	No	N/A	Low	Moderate	Significant	High	Comments
A. Organisation										
General										
1	**Is the entity in compliance with national registration requirements?**	*If the organisation is a government entity, answer "N/A". For NGO / INGO / Other entity types, please record the legal status and date of registration in country.*	☐	☐	☐	☐	☐	☐	☐	
2	**Does an internet search indicate there have been no known cases of fraud, or other allegations of malpractice, concerning the entity or its staff in the last five years?**	*The search should be performed using terms such as "fraud", "allegations", "abuse", and "criminal".*	☐	☐	☐	☐	☐	☐	☐	
3	Does management confirm there are no ongoing legal proceedings that are likely materially to impact the organisation or its activities?	*Obtain and file the statement in writing, indicating the name and position of the senior official making it, and the date it was made.*	☐	☐	☐	☐	☐	☐	☐	
Organisational structure and governance										
4	Does the governing body meet on a regular basis and perform sufficient oversight functions?	*The "governing body" may be a management board, committee or similar, and has responsibility for ensuring that the actions of the organisation and its staff meet the stated objectives. Evidence of their involvement should be obtained.*	☐	☐	☐	☐	☐	☐	☐	
5	Are minutes of oversight meetings maintained, with evidence of action plans and appropriate follow?		☐	☐	☐	☐	☐	☐	☐	
6	Is the organisation structured in such a way that enables clear reporting lines and designates particular areas of responsibility?	*Attach the organisation's organogram under Annex III.*	☐	☐	☐	☐	☐	☐	☐	
7	Are there sufficient procedures in place to ensure that activities performed by sub-offices are carried out in accordance with the overall policies of the organisation?	*Sub-offices refer to other physical offices in the same country that form part of the legal entity under review. If there are no sub-offices, answer "N/A".*	☐	☐	☐	☐	☐	☐	☐	
8	Are there sufficient procedures in place to ensure that financial transactions initiated by sub-offices are executed and recorded in accordance with the overall policies of the organisation?	*If there are no sub-offices, answer "N/A".*	☐	☐	☐	☐	☐	☐	☐	
9	Does the organisation review the accuracy and completeness of the supporting documentation for transactions incurred by its	*If there are no sub-offices, answer "N/A".*	☐	☐	☐	☐	☐	☐	☐	

	sub-offices prior to the amounts being consolidated into the central records?									
	High risk									

B. People and behaviours

	General									
1	**Is there an HR manual that covers key areas such as recruitment, employment and personnel practices, and which is provided to all staff?**		☐	☐	☐	☐	☐	☐	☐	
	Recruitment and retention									
2	Are vacant positions widely advertised?		☐	☐	☐	☐	☐	☐	☐	
3	Are the selected candidates appointed to roles in a competitive and transparent way, that is documented and filed?		☐	☐	☐	☐	☐	☐	☐	
4	Are background checks performed on potential new recruits, and the results documented and filed?		☐	☐	☐	☐	☐	☐	☐	
5	Have key positions been filled throughout the last three years, (or with only limited gaps between new appointments), without evidence of regular turnover of the same positions?	*Key positions include those with management responsibilities, or for important process tasks that cannot be performed by others.*	☐	☐	☐	☐	☐	☐	☐	
6	Are procedures in place to ensure that, when staff leave employment with the organisation, they are removed from the payroll after receipt of the final salary due, are required to return any equipment belonging to the organisation, and have any access rights to in-house systems terminated?		☐	☐	☐	☐	☐	☐	☐	
	Qualifications and training									
7	**Does the finance team contain a sufficient number of suitably experienced staff, so that team members are competent to perform the tasks assigned to them, and with sufficient segregation of duties?**		☐	☐	☐	☐	☐	☐	☐	
8	Are there sufficient job descriptions for the various roles within the organisation, and the minimum expected qualifications required for each?		☐	☐	☐	☐	☐	☐	☐	

				☐	☐	☐	☐	☐	☐	☐	
9	Does the organisation provide sufficient training opportunities to its staff?			☐	☐	☐	☐	☐	☐	☐	
	Practices										
10	**Does the organisation have a clear set of policies concerning the expected conduct of its staff, and procedures to follow up on allegations of misconduct?**	*Such policies should cover areas such as the prevention of violence, intimidation and sexual harassment, and require people to act with honesty, integrity and diligence.*		☐	☐	☐	☐	☐	☐	☐	
11	**Does the organisation have an anti-fraud and anti-corruption policy that is readily accessible to all staff?**			☐	☐	☐	☐	☐	☐	☐	
12	Is it clear to whom staff should report concerns about suspected fraud, corruption or other malpractice, and are procedures in place to protect staff from potential retaliation as a result?			☐	☐	☐	☐	☐	☐	☐	
13	Does the organisation have policies and procedures to help prevent discrimination on the basis of gender?	*This should cover areas such as recruitment, pay and promotion opportunities.*		☐	☐	☐	☐	☐	☐	☐	
14	Does the organisation integrate social and environmental standards in their activities?	*Are there practices, guidelines, tools, or a policy that integrate social and environmental standards in the organisation's activities?*		☐	☐	☐	☐	☐	☐	☐	
	High risk										

C. Activities

	Workplans										
1	**Does the organisation have and use sufficiently detailed written policies, procedures and other tools to develop and manage programmes and plans?**			☐	☐	☐	☐	☐	☐	☐	
2	Are the workplans sufficiently detailed to allow a clear understanding of the objectives, expected activities, budget, and timeframe?			☐	☐	☐	☐	☐	☐	☐	
3	Are revisions and amendments to workplans appropriately reviewed, documented and communicated?			☐	☐	☐	☐	☐	☐	☐	
	Risk management										
4	**Does the organisation identify the potential risks for achieving its objectives and programme delivery and mechanisms to mitigate them?**	*This could include areas such as a lack of skills and resources, political instability, or environmental factors.*		☐	☐	☐	☐	☐	☐	☐	

#	Question	Notes								
5	Is a sufficiently detailed risk register maintained for the organisation?	*Risks should be identified and documented in a formal risk register, and assessed for their likelihood and impact.*	☐	☐	☐	☐	☐	☐	☐	
6	Are risk management procedures undertaken and / or approved by sufficiently senior members of staff?		☐	☐	☐	☐	☐	☐	☐	
	Monitoring and evaluation									
7	**Does the organisation have and use sufficiently detailed policies, procedures, guidelines and other tools for monitoring and evaluation?**		☐	☐	☐	☐	☐	☐	☐	
8	Does the organisation carry out and document regular monitoring activities such as review meetings and on-site project visits, to assess implementation against the stated objectives of the work plan?		☐	☐	☐	☐	☐	☐	☐	
9	Does the organisation prepare sufficiently detailed narrative reports, based on the evidence it has obtained, that provide donors and other stakeholders with a clear understanding of current progress against the objectives?		☐	☐	☐	☐	☐	☐	☐	
10	Is data collected during monitoring and evaluation procedures documented and filed in accordance with written policies?		☐	☐	☐	☐	☐	☐	☐	
	High risk									

D. Reporting and accountability

#	Question	Notes								
	General									
1	**Is there a finance manual, or similar, that clearly sets out the main policies and procedures to be followed?**		☐	☐	☐	☐	☐	☐	☐	
	Audit environment									
2	**Has the organisation complied with its statutory reporting requirements for the last three years?**	*If no such reporting requirements, state "N/A".*	☐	☐	☐	☐	☐	☐	☐	
3	Did the statutory audits from the last three years result in unmodified (clean) audit opinions and without other significant issues being raised?	*If no such reports issued, state "N/A".*	☐	☐	☐	☐	☐	☐	☐	

4	Has the organisation received UN audit reports, or other assurance activities commissioned by UN organisations, which report a good control environment, and without significant amounts of unsupported expenditure being identified?	*If no such activities have taken place, answer "no" and record "significant risk". If such activities have reported significant issues, answer "no" and record "high risk".*	☐	☐	☐	☐	☐	☐	☐	
5	Does the organisation have an internal audit function?	*This may be either an internal or outsourced internal audit function.*	☐	☐	☐	☐	☐	☐	☐	
6	Is the internal audit department sufficiently independent so that it is able to make recommendations?		☐	☐	☐	☐	☐	☐	☐	
7	Does the internal audit function include donor-funded activities within its remit?		☐	☐	☐	☐	☐	☐	☐	
8	Are recommendations made by internal and external reviewers logged centrally, indicating the follow-up status, who is responsible for implementation, and the timeframe?		☐	☐	☐	☐	☐	☐	☐	
	Financial reporting tools									
9	Can the figures for donor financial reporting, by total and by budget and / or activity line, be generated automatically from the accounting system?		☐	☐	☐	☐	☐	☐	☐	
10	Are donor reports reviewed and approved by a suitable member of staff other than the preparer?		☐	☐	☐	☐	☐	☐	☐	
	Budget preparation and monitoring									
11	**Are budgets prepared in sufficient detail so that they can be used as a meaningful monitoring and control tool?**		☐	☐	☐	☐	☐	☐	☐	
12	Are budgets authorised by a suitably senior member of staff?		☐	☐	☐	☐	☐	☐	☐	
13	Are budgets compared against actual expenditure on a sufficiently regular basis, with unexpected variances investigated?		☐	☐	☐	☐	☐	☐	☐	
14	Is there a policy stating how budget amendments are to be considered, and who is responsible for authorising these?		☐	☐	☐	☐	☐	☐	☐	
	High risk									

E. Assets and inventory

Fixed asset register

#	Question	Guidance								
1	**Does the organisation maintain a comprehensive and up to date fixed asset register, that records all relevant details (such as purchase date, cost, condition, location, tag number, serial number, and owner) for each asset held?**		☐	☐	☐	☐	☐	☐	☐	
2	Are there sufficient measures and procedures in place to protect assets from theft, damage or misuse?		☐	☐	☐	☐	☐	☐	☐	
	Insurance									
3	Are significant assets either insured, or can otherwise be readily replaced, in the event of theft or damage?		☐	☐	☐	☐	☐	☐	☐	
	Verifications									
4	Are assets subject to at least annual physical verifications?		☐	☐	☐	☐	☐	☐	☐	
5	Are the physical verifications performed by more than one person, and are the results, and any necessary adjustments, appropriately documented and approved?		☐	☐	☐	☐	☐	☐	☐	
	Inventory									
6	Is inventory managed through a computerised system that provides an up to date picture of items held?	*If a computerised system is not used, provide details of the procedures in place and assess risk accordingly, considering the levels of inventory held.*	☐	☐	☐	☐	☐	☐	☐	
7	Are physical verifications of inventory items reconciled to the records held on a sufficiently frequent basis, and the results, and any necessary adjustments, documented and approved?		☐	☐	☐	☐	☐	☐	☐	
8	Are items with a limited shelf-life sufficiently monitored to ensure they do not expire prior to issue?		☐	☐	☐	☐	☐	☐	☐	
	Warehouse	*It may not be possible to inspect warehouses as part of the assessment, and it is not a requirement to do so. The response should state which warehouses, if any, have been physically verified. In cases where they have not been physically reviewed, the scores should be at least moderate risk.*								
9	Are the warehouse facilities sufficiently secure, providing suitable conditions for the items held, with adequate protection against environmental factors?	*Provide details of the evidence available to support the assessment (e.g. physical inspection, information provided by the*	☐	☐	☐	☐	☐	☐	☐	

#	Question	Guidance								
		partner, internal reviews, or external assessments).								
10	Are warehouse items maintained in a way that allows authorised persons safe and ready access to them?	*Provide details of the evidence available to support the assessment (e.g. physical inspection, information provided by the partner, internal reviews, or external assessments).*	☐	☐	☐	☐	☐	☐	☐	
	Cash									
11	**Is cash held in a secure place that can be accessed only by certain designated individuals?**	*If no cash is held, state "N/A".*	☐	☐	☐	☐	☐	☐	☐	
12	Are cash reconciliations performed on a frequent basis, by more than one individual at the same time, and the results documented and approved?		☐	☐	☐	☐	☐	☐	☐	
	High risk									

F. Procurement

#	Question	Guidance								
1	**Does the organisation have written procurement policies and procedures, which facilitate competition, transparency and obtaining value for money?**		☐	☐	☐	☐	☐	☐	☐	
2	Do the procurement policies specify appropriate thresholds at which points different procurement procedures apply?		☐	☐	☐	☐	☐	☐	☐	
3	Are all procurements authorised through documented approval from an appropriate member of staff?		☐	☐	☐	☐	☐	☐	☐	
4	**Is there adequate segregation of duties in the procurement process?**		☐	☐	☐	☐	☐	☐	☐	
5	Is there a stated basis for the assessment of bids, and is this followed in practice and documented?		☐	☐	☐	☐	☐	☐	☐	
6	Does the organisation have a policy that sets out how any exceptions to the stated procurement procedures are to be implemented and managed, along with appropriate approval requirements?	*Such exceptions may, for example, be where the usual requirement for three quotations has been overridden due to the specific circumstances of that purchase.*	☐	☐	☐	☐	☐	☐	☐	

7	Does the organisation have adequate policies to ensure staff consider and document whether they have any conflicts of interest with potential suppliers?		☐	☐	☐	☐	☐	☐	☐	
8	If a conflict is identified, is it evident that the staff member concerned is required to recuse themselves from any procurement process in which that entity is involved?		☐	☐	☐	☐	☐	☐	☐	
9	Are background checks performed on suppliers to ensure there are no publicly known cases of fraud or other malpractice?		☐	☐	☐	☐	☐	☐	☐	
10	Does the organisation have policies in relation to contract management?	*This will cover areas such as monitoring contract expiration, performance securities, and contract risk management procedures. If no contracts are managed, state "N/A".*	☐	☐	☐	☐	☐	☐	☐	
11	Does the organisation require its suppliers to uphold high ethical standards at all times?	*For commercial suppliers / businesses this could include principles and exclusionary factors in line with the Ten Principles	UN Global Compact.*	☐	☐	☐	☐	☐	☐	☐	
	High risk									

G. Sub-partners

Sub-partners are external parties (separate legal entities) with whom the organisation engages to perform project activities. The sub-partners are required to account for the funds disbursed to them, and to show that the amounts have been incurred in line with the project's objectives and agreed activities, and in accordance with the budgets they have been issued.

1	Are sub-partners selected on the basis of standard procedures, such as pre-award assessments, to ensure they are appropriately registered, suitably qualified to perform the role to be assigned, have adequate internal control systems, and that there are not significant ethical or reputational concerns?	*If sub-partners are not used, state "N/A" to each of these questions.*	☐	☐	☐	☐	☐	☐	☐	
2	If sub-partners are engaged, are formal agreements signed between the parties, clearly stating the work to be performed, the reporting and documentation obligations, and any other conditions of funding, in line with the agreement between the UN agency (or other donor) and the organisation, prior to activities being undertaken or funds advanced?		☐	☐	☐	☐	☐	☐	☐	
3	Does the organisation implement procedures to verify the financial reports and corresponding documentation submitted by		☐	☐	☐	☐	☐	☐	☐	

	the sub-partner prior to onward reporting to the donor?										
4	Does the organisation implement procedures to monitor the implementation of project activities by the sub-partners?		☐	☐	☐	☐	☐	☐	☐	
5	Does the organisation have suitable procedures for dealing with instances of poor performance, mismanagement and misconduct by sub-partners, or non-compliance with the terms of engagement?		☐	☐	☐	☐	☐	☐	☐	
6	Does the organisation require its sub-partners to uphold high ethical standards, such as evidenced by a code of conduct?		☐	☐	☐	☐	☐	☐	☐	
	High risk									

H. Systems

	Accounting system										
1	**Does the organisation have and make use of a computerised accounting system that records sufficient details of each transaction to allow it to be linked to the corresponding documentation and allocated to the relevant funding source?**		☐	☐	☐	☐	☐	☐	☐	
2	Is access to the accounting system protected through the use of usernames and passwords?		☐	☐	☐	☐	☐	☐	☐	
3	Do different users have different access rights so that they are only able to review or make changes to information that is relevant to their function?		☐	☐	☐	☐	☐	☐	☐	
4	Is the accounting system backed up to a secure offsite location on a sufficiently regular basis?		☐	☐	☐	☐	☐	☐	☐	
5	Can the system be accessed from premises other than the organisation's offices (for example if staff are working remotely) so that recording or reviewing financial transactions is not adversely impacted in the event that staff are not physically present?		☐	☐	☐	☐	☐	☐	☐	
6	**Do appropriate procedures and controls exist to ensure that the same or similar level of oversight is maintained even if staff are not physically present in the office?**		☐	☐	☐	☐	☐	☐	☐	

7	Are all staff issued with computers that are maintained by and accessible to the organisation's IT department, and that have adequate anti-malware installed?		☐	☐	☐	☐	☐	☐	☐	
	Banking									
8	**Does the organisation perform bank reconciliations on at least a monthly basis?**	*If the organisation's bank account is pooled with other accounts, and therefore cannot perform a reconciliation, state "N/A" and provide comments explaining the cirucmstances.*	☐	☐	☐	☐	☐	☐	☐	
9	Are bank reconciliations performed by someone other than those responsible for making or approving payments?		☐	☐	☐	☐	☐	☐	☐	
10	Are reconciling items identified and investigated in a timely manner?		☐	☐	☐	☐	☐	☐	☐	
	Payments									
11	**Are payments subject to a clear approval process with adequate segregation of duties?**		☐	☐	☐	☐	☐	☐	☐	
12	Are appropriate authorisation thresholds in place for approval of payments?		☐	☐	☐	☐	☐	☐	☐	
13	Are all, or substantially all, payments made in a traceable form, such as bank transfer, cheques made out to the specific payee, or mobile money transfer?		☐	☐	☐	☐	☐	☐	☐	
14	If online payments are used, do these require dual signatories?		☐	☐	☐	☐	☐	☐	☐	
15	**Is there a stated and reasonable limit for the amount that can be paid in cash?**		☐	☐	☐	☐	☐	☐	☐	
16	If staff have to transport significant amounts of cash (for example when withdrawn from the bank, or carried to project sites), are sufficient security arrangements in place?	*Although definitions of "significant" may vary, a starting point can be considered the equivalent of approximately US$ 1,000.*	☐	☐	☐	☐	☐	☐	☐	
17	Does the organisation perform a three-way match between the invoice received from the supplier, the purchase order raised, and the goods received, with evidence of these checks maintained and signed?		☐	☐	☐	☐	☐	☐	☐	
18	For payments that are not made on the basis of an invoice, such as for daily allowances, are appropriate procedures in place to ensure the amounts are in line with a stated policy, there is adequate review and approval, and that relevant supporting documents are maintained?		☐	☐	☐	☐	☐	☐	☐	

19	**Are supporting documents stamped as "Paid" and marked with the donor or project name after payment has been made, or does the accounting system otherwise have inbuilt controls to ensure payments cannot be made more than once or claimed against more than one funding source?**		☐	☐	☐	☐	☐	☐	☐
	Cost allocations								
20	Does the organisation have a clear policy for allocating shared costs across different projects or donors?		☐	☐	☐	☐	☐	☐	☐
21	Are salary costs charged to the project on the basis of an identifiable proportion of the actual costs incurred?		☐	☐	☐	☐	☐	☐	☐
	Document management / record keeping								
22	**Does the organisation maintain all its records in an orderly and consistent way, that enables the ready identification of relevant documentation?**		☐	☐	☐	☐	☐	☐	☐
23	Does the organisation have a stated document management policy that ensures documents are maintained for at least the period required by donors?		☐	☐	☐	☐	☐	☐	☐
24	Does the organisation have a data protection policy?		☐	☐	☐	☐	☐	☐	☐
	High risk								

	High risk								