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MICRO ASSESSMENT OF CARE OF AFGHAN FAMILIES (CAF)
COMMISSIONED BY
UNITED NATIONS CHILDREN'S FUND (UNICEF)
22 AUGUST 2022

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To: United Nations Children's Fund "UNICEF" / Afghanistan Office

22 August 2022

Amman-Jordan

Dear Sirs,

This Micro Assessment of **Care of Afghan Families (CAF)** was completed in accordance with Contract # 4334734 dated on 21 April 2022 that was signed between the United Nations Children's Fund "UNICEF" and BDO Jordan.

When performing the Micro Assessment, we have relied only on information that Implementing Partner provided to us.

Because the procedures we conducted do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not provide any opinion or assurance on our attestations.

This Micro Assessment report is intended solely for the information and use of the specified parties (UNICEF/ Afghanistan Office and the Implementing Partner: it is not intended to be and should not be used by anyone other than the specified parties.

Yours faithfully

BDO Jordan
Samman & Co.

Audit & Assurance
Since 1987
BDO JORDAN
Amman, Jordan

Rami Samman
Managing Partner

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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 (IPs).

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 considers results of any previous Micro Assessments conducted of the Implementing Partner, if any.

Scale of assessment

The Micro Assessment questionnaire provides an overall risk rating based on responses provided including:

Scoring	Description
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.
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.

The Risk Points column automatically assigns points to each question that correlate with the level of risk. Points are assigned as follows:

Risk rating	Key Questions	Non-Key Questions
H - High risk	8 points	4 points
S - Significant risk	6 points	3 points
M - Moderate risk	4 points	2 points
L - Low risk	1 point	1 point

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.

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.

Methodology

We performed the Micro Assessment field visit on 13 June 2022 at the Implementing Partner's office in Kabul, Afghanistan.

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 the related UN Agency personnel and the IP prior to finalization 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 the section (3) below:

Tested subject area	Risk assessment*	Brief justification for rating (Main internal control gaps)
1. Implementing Partner	Low	The IP has documented anti-fraud and corruption policy in place, however, during our discussion with IPs staff, we noted that the policy was not introduced to them properly, for example, the employees were not aware of how to report a suspicion of fraud, type of corruption, etc.
2. Programme Management	Low	No major observation noted.
3. Organizational structure and staffing	Low	The IP doesn't perform background checks for the newly hired employees.
4. Accounting policies and procedures	Low	It was noted that the project supporting documents are stamped as 'PAID' but without indicating the donor's name and the project's title.
5. Fixed Assets and Inventory	Low	IP did not have adequate insurance coverage against all its asset.
6. Financial Reporting and Monitoring	Low	No major observation noted.
7. Procurement	Low	It was noted that the IP has the following control weaknesses over the Procurement: - The procurement process is not computerized, and all the transaction and reports procedures are manually prepared. - No reference to ethical procurement principles in templates of contracts.
Overall Risk Assessment	Low	

"High, Significant, Moderate, Low"

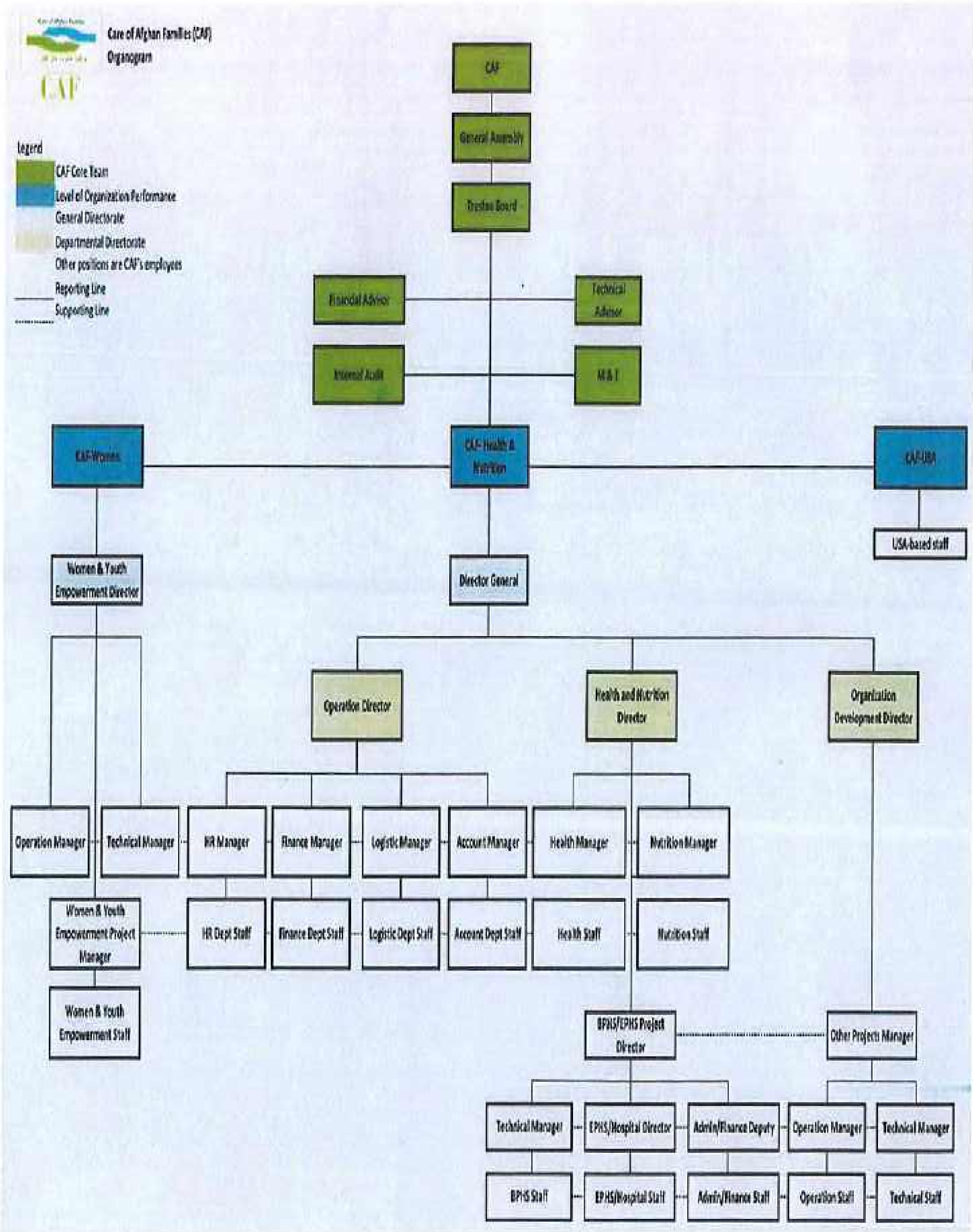
3. DETAILED INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

#	Ref #	Description of finding	Recommendation	IP Management Response
1	1.9, 1.10	It was noted that the IP has documented anti-fraud and corruption policy in place, however, during our discussion with IPs staff, we noted that the policy was not introduced to them properly, for example, the employees were not aware of how to report a suspicion of fraud, type of corruption, etc.	The Implementing Partner should give out / make accessible to the anti-fraud/corruption policy for the staff and arrange the proper training to all staff (current/new) regarding the anti-fraud and corruption policy, and make sure all staff are aware of the types of corruption and proper channel to communicate the suspicion of fraud.	*"Please refer to the page number 20 below".*
2	3.6	The IP doesn't perform background check for the newly hired employees.	The IP should perform background verifications for all new staff and management, ensuring that they obtain original source documentation for all relevant qualifications. They would be advised to ensure their right to work and conduct criminal record check for all staff.	*"Please refer to the page number 20 below".*
3	4.14	It was noted that the project supporting documents are stamped as 'PAID' but without indicating the donor's name and the project's title.	we recommended the IP to stamp all their supporting documents/ vendors' invoices as 'PAID' indicating who financed the expense and under which project. This will decrease the risk of duplicate payment/ charging and will allow for a proper recording of transactions under the right project code.	*"Please refer to the page number 20 below".*
4	5.4	The IP does not have adequate insurance coverage against all its assets.	The IP should, for the protection of assets, obtain appropriate & adequate insurance coverage for all its fixed assets and Inventory, cash in safe; cash in transit (petty cash) and cashier against fire, loss, theft and third-party liability. If this practice is not implemented in Afghanistan, the Implementing Partner should implement additional protective procedures to safeguard its assets.	*"Please refer to the page number 20 below".*
5	7.3 7.9	It was noted that the IP has the following control weaknesses over the Procurement and Contract Administration: - The procurement process is not computerized, and all the transaction and reports procedures are manually prepared. - No reference to ethical procurement principles in templates of contracts.	We recommended that the IP: - Consider using a computerized procurement system; - Include in the vendors contracts references to the ethical procurement principles and exclusion and ineligibility criteria.	*"Please refer to the page number 20 below".*

ANNEX I. IP AND PROGRAMME INFORMATION

Implementing Partner name:	Care of Afghan Families (CAF)
Implementing partner code ID in UNICEF records	N/A
Implementing partner contact details (contact name, email address and telephone number):	Mr. Shah Waliullah Burhan Tel: +93 (0) 786436231 Email: swb_ca@myself.com
Main programmes implemented with the applicable UN Agency:	WHO- Sehatmandi in Logar.
Key Official in charge of the UN Agency programme(s):	Mr. David Kungu Gitau dkgitau@unicef.org
Programme location(s):	Kabul, Afghanistan
Location of records related to the UN Agency programme (s):	Kabul, Afghanistan
Currency of records maintained:	Afghani (AFN) and US Dollar (US$)
Expenditures incurred/reported to WHO (as applicable) during the most recent financial reporting period (in US$):	US$ 1,063,791
Cash transfer modality used by the UN Agency to the IP:	Direct Cash transfer
Intended start date of Micro Assessment:	13 June 2022
Number of days to be spent for visit to IP:	5 Working Days
Any special requests to be considered during the micro assessment:	NA

ANNEX II. IMPLEMENTING PARTNER ORGANIZATION CHART



ANNEX III. LIST OF PERSONS MET

Name	Unit/organization	Position
Mr. Sayed Ashuqullah Majidi	Management	Director-General
Mr. Mohammad Edriss Yousufy	Finance	Admin and Finance Director
Mr. Sayed Fakoor Razawi	Finance	Finance Manager
Mr. Mohammad Tamin Mashal	Finance	Account Manager
Mr. Shahwali Ullah Burhan	Internal Audit	Senior internal Auditor
Mr. Falak Naz	Internal Audit	Internal Auditor
Ms. Hamida Hamidy	Human Resource	Senior HR Officer
Mr. Mohammad Akram Babkar khail	Logistic/ Procurement	Logistic & Procurement Manager

ANNEX IV. MICRO ASSESSMENT QUESTIONNAIRE

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.

For instance, 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 questions.

Scenario 1	*Risk Rating*	*Points*	Scenario 2	*Risk Rating*	*Points*
Question 1	High	4	Key Question 1	High	8
Question 2	Low	1	Question 2	Low	1
Question 3	Low	1	Question 3	Low	1
Total Risk Points:		6	Total Risk Points		10
Overall Risk	Moderate	2	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.
6. The same algorithm is applied when calculated the overall risk rating for the IP.

Micro-assessment workbook

Implementing partner: Care for Afghan Families (CAF) | Date: 13 June 2022

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1. Implementing Partner						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	Yes			Low	1	The IP was legally registered in Afghanistan under Registration number 68 on 29 September 2005, with the Ministry of Economy.
1.2 If the IP received United Nations resources in the past, were significant issues reported in managing the resources, including from previous assurance activities.	Yes			Low	1	The IP worked directly with UN Agencies and currently, projects with UNICEF is ongoing, and there were no significant issues reported in managing the resources.
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?	Yes			Low	1	The IP does have statutory reporting requirement for submitting annual & semi annual progress reports for each project to Ministry of Economy. The Financial Statements for the past years were audited by external auditor.
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Low	1	The governing body (Board of Directors) of IP meets semi Annually.
1.5 If any other offices/ external entities participate in implementation, does the IP have policies and process to ensure appropriate oversight and monitoring of implementation?			N/A	N/A	-	All the projects are implemented by main offices.
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) ***Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.***	Yes			Low	1	The IP does have core fund which shows their Financial Stability.
1.7 Can the IP easily receive funds? Have there been any major problems in the past in the receipt of funds, particularly where the funds flow from government ministries?		No		Low	1	The IP doesn't have any major problem in the past in the receipt of funds.
1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? *If so, provide details and actions taken by the IP to resolve the legal action.*			N/A	N/A	-	The IP does not have pending legal actions against it or outstanding legal cases.
1.9 Does the IP have an anti-fraud and corruption policy?		No		Moderate	2	The IP has documented anti-fraud and corruption policy in place, however, during our discussion with IPs staff, we noted that the policy was not introduced to them properly, for example, the employees were not aware of how to report a suspicion of fraud, type of corruption, etc. Refer to finding No. 1 (Section 3 "DETAILED INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS"
1.10 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting?		No		Moderate	2	Refer to 1.9.
1.11 Does the IP have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. *Examples: foreign exchange risk; cash receipts.*	Yes			Low	1	The foreign currency exchange rate volatility.
Total number of questions in subject area:	11					
Total number of applicable questions in subject area:	9					
Total number of applicable key questions in subject area:	4					
Total number of risk points:	11					
Risk score	1.22					
Area risk rating	Low					

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
		2. Programmed Management				
2.1. Does the IP have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans?	Yes			Low	1	The IP have and uses written policies, procedures and other tools, and the IP have a work plan to manage the projects with the donors.
2.2. Do work plans specify expected results and the activities to be carried out to achieve results, with a time frame and budget for the activities?	Yes			Low	1	The work plans specify results and activities to be carried out and measure the results.
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Low	1	The IP does have written risk and security plan, Security Policy, risk matrix and risk mitigation plan.
2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?	Yes			Low	1	The IP have a manual for M&E, framework and templates and work plan for monitoring and evaluation.
2.5 Does the IP have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results?	Yes			Low	1	Refer to 2.4.
2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Low	1	The IP is doing field/ site visit reports, and they manage periodic meetings to monitor projects implementation.
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Low	1	The IP collect, monitor and evaluate data on the achievement of project results systematically through HMIS database Software for all projects done on a regular basis (as the donor's requirements).
2.8 Is it evident that the IP followed up on independent evaluation recommendations?	Yes			Low	1	Refer to 2.7.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	2					
Total number of risk points:	8					
Risk score	1					
Area risk rating	Low					

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
3. Organizational Structure and Staffing						
3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?	Yes			Low	1	The IP employment and personnel practices are clearly defined and followed. Practices do embrace transparency and competition.
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	1	The IP have a job description for all staff.
3.3 Is the organizational structure of the finance and programme management departments, and competency of staff, appropriate for the complexity of the IP and the scale of activities? Identify the key staff, including job titles, responsibilities, educational backgrounds and professional experience.	Yes			Low	1	The organizational structure is appropriate for the complexity of the IP and the scale of activities. The following are key staff, including job titles: Mr. Sayed Ashuqullah Majidi, Director General. Mr. Mohammad Edriss Yousufy, Admin and Finance Director. Mr. Sayed Fakoor Razawi, Finance Manager. Mr. Mohammad Tamim Mashal, Account Manager. Mr. Shahwali Ullah Burhan, Senior Internal Auditor. Mr. Falak Naz, Internal Auditor. Mrs. Hamida Hamidy Senior HR Officer. Mr. Mohammad Akram babakarkhail, Logistic/procurement Manager.
3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?	Yes			Low	1	The IP's accounting and finance function staffed adequately to ensure sufficient controls are in place to manage agency funds.
3.5 Does the IP have training policies for accounting/ finance/ programme management staff? Are necessary training activities undertaken?	Yes			Low	1	The IP conduct capacity building training for their staff.
3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?		No		Moderate	2	The IP doesn't perform backgraund checks for the newly hired emloyees. Refer to finding No. 2 (Section 3 "DETAILED INTERNAL CONTROL FINDINGS AND RECOMMNEDATIONS"
3.7 Has there been significant turnover in key finance positions the past five years? If so, has the rate improved or worsened and appears to be a problem?		No		Low	1	There is no significant turnover in key finance positions in the past five years.
3.8 Does the IP have a documented internal control framework? Is this framework distributed and made available to staff and updated periodically? If so, please describe.	Yes			Low	1	The IP have defined and documented internal control framework that complies with International Standards.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	3					
Total number of risk points:	9					
Risk score	1.125					
Area risk rating	Low					

Subject area *(key questions in bold)*	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
	4. Accounting Policies and Procedures					
4a. General						
4.1 **Does the IP have an accounting system that allows for proper recording of financial transactions** from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds?	Yes			Low	1	The IP have accounting system that allows for proper recording of financial transactions from United Nations Agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds. The accounting system name is ERP.
4.2 Does the IP have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements?	Yes			Low	1	The IP perform cost allocation procedure with an appropriate written Cost Allocation Policy (CAP) that ensures accurate cost allocation to the various funding sources in accordance with established agreements.
4.3 **Are all accounting and supporting documents retained in an organized system** that allows authorized users easy access?	Yes			Low	1	Refer to 4.1
4.4 **Are the general ledger and subsidiary ledgers reconciled at least monthly?** Are explanations provided for significant reconciling items?	Yes			Low	1	The IP's general ledger and subsidiary ledgers are reconciled on monthly basis.
4b. Segregation of duties						
4.5 Are the following functional responsibilities performed by different units or individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?	Yes			Low	1	The IP have adequate Segregation of duties (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction.
4.6 **Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?**	Yes			Low	1	The IP have a segregate duties between the departments and processes.
4.7 **Are bank reconciliations prepared by individuals other than those who make or approve payments?**	Yes			Low	1	The IP is preparing bank reconciliations on a regular basis (monthly).
4c. Budgeting system						
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	Yes			Low	1	The IP prepares budgets in sufficient details.
4.9 **Are actual expenditures compared to the budget** with reasonable frequency? Are explanations required for significant variations from the budget?	Yes			Low	1	The IP compares actual versus budgeted with explanations for any variations.
4.10 Is prior approval sought for budget amendments in a timely way?	Yes			Low	1	Budget amendments used to be pre-approved for any project or during implementing process.
4.11 **Are IP budgets approved formally at an appropriate level?**	Yes			Low	1	The budgets generally are approved formally at an appropriate level from the management.
4d. Payments						
4.12 Do invoice processing procedures provide for: · **Copies of purchase orders and receiving reports to be obtained directly from issuing departments?** · **Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received?** · **Checking the accuracy of calculations?**	Yes			Low	1	The IP uses purchase request (PR) purchase order (PO) and procurement module. Finally, the re-calculation is done by the finance department.
4.13 **Are payments authorized at an appropriate level?** Does the IP have a table of payment approval thresholds?	Yes			Low	1	Payments are authorized at an appropriate level and the IP have a table of payment approval thresholds.
4.14 Are all invoices stamped **'PAID', approved, and marked with the project code and account code?**		No		Moderate	4	Project supporting documents are stamped as 'PAID' on face voucher only but without indicating the donor's name and the project's title. Refer to finding No. 3 (Section 3 "DETAILED INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS"
4.15 **Do controls exist for preparation and approval of payroll expenditures?** Are payroll changes properly authorized?	Yes			Low	1	Payroll is prepared by HR Department and approved by Finance Department, and the Payroll paid for staff by bank with clear calculation. Exception to current practice of cash basis due to the current situation in Afghanistan.

4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?	Yes			Low	1	The IP maintains a detailed timesheet showing the actual employees working hours spent on the projects that they work on.
4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?	Yes			Low	1	The IP have procedures for non invoice expenses from finance department.
4e. Policies and procedures						
4.18 Does the IP have a stated basis of accounting (i.e. cash or accrual) and does it allow for compliance with the agency's requirement?	Yes			Low	1	The IP is applying the Accural and Cash basis accounting.
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?	Yes			Low	1	The IP have an adequate policies and procedures manual and it is distributed to the relevant staff.
4f. Cash and bank						
4.20 Does the IP require dual signatories / authorization for bank transactions? Are new signatories approved at an appropriate level and timely updates made when signatories depart?	Yes			Low	1	The IP requires dual signatories/authorization for bank transactions: General Director, (A). Signature. General Director, (A) Signature. Finance Director, (A) Signature. Account Manager, (A) Signature. All signatories are approved at an appropriate level.
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes			Low	1	The IP maintains an adequate, up-to-date cashbook, recording receipts and payments.
4.22 If the partner is participating in micro-finance advances, do controls exist for the collection, timely deposit and recording of receipts at each collection location?			N/A	N/A	-	The IP is not participating in microfinance.
4.23 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant, unusual and aged reconciling items?	Yes			Low	1	The IP prepares Bank and Cash reconciliations on monthly basis.
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?	Yes			Low	1	Refer to 4.1.
4.25 Does the IP carry out a regular petty cash reconciliation?	Yes			Low	1	Refer to 4.23.
4.26 Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?	Yes			Low	1	There are controls in place over the cash and cheques and are maintained in a secure location with restricted access.
4.27 Are there adequate controls over submission of electronic payment files that ensure no unauthorized amendments once payments are approved and files are transmitted over secure/encrypted networks?			N/A	N/A	-	Electronic payments are not used.
4.28 Does the IP have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?			N/A	N/A	-	The IP does not have subsidiary offices.
4h. Internal audit						
4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?	Yes			Low	1	The IP have internal audit department/ Function.
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?	Yes			Low	1	The IP have stated qualifications and experience requirements for internal audit department.
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?	Yes			Low	1	Activities financed by the agencies included in the internal audit department's work programme.
4.32 Does the IP act on the internal auditor's recommendations?	Yes			Low	1	Yes, the IP act on the internal auditor's recommendations
Total number of questions in subject area:	32					
Total number of applicable questions in subject area:	29					
Total number of applicable key questions in subject area:	18					
Total number of risk points:	32					
Risk score	1.1034483					
Area risk rating	Low					

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
5. Fixed Assets and Inventory						
5a. Safeguards over assets						
5.1 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	Yes			Low	1	The IP does have inventory and fixed asset Policy.
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Low	1	The reporting/ charging transactions related to goods and property, which should be reported as expenditures at the appropriate time are up to date.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Low	1	the IP perform periodically verification of fixed asset and inventory.
5.4 Are fixed assets and inventory adequately covered by insurance policies?		No		Moderate	2	The IP did not have adequate insurance coverage against all its assets. Refer to finding No.3 (Section 3 "DETAILED INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS")
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?			N/A	N/A	-	The IP does not have a warehouse.
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?			N/A	N/A	-	Refer to 5.5
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?			N/A	N/A	-	Refer to 5.5
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?			N/A	N/A	-	Refer to 5.5
5.9 Are regular physical counts of inventory carried out?			N/A	N/A	-	Refer to 5.5
Total number of questions in subject area:	9					
Total number of applicable questions in subject area:	4					
Total number of applicable key questions in subject area:	0					
Total number of risk points:	5					
Risk score	1.25					
Area risk rating	Low					

Subject area (*Key questions in bold*)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
		6. Financial Reporting and Monitoring				
6.1 Does the IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used?	Yes			Low	1	The IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used.
6.2 Does the IP prepare overall financial statements?	Yes			Low	1	The IP prepare the overall financial statement annually.
6.3 Are the IP's overall financial statements audited regularly by an independent auditor in accordance with appropriate national or international auditing standards? If so, please describe the auditor.	Yes			Low	1	Refer to 1.3
6.4 Were there any major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past five years?		No		Low	1	There are no major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP.
6.5 Have any significant recommendations made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?		No		Low	1	There are no significant recommendations made by auditor in the prior audit reports.
6.6 Is the financial management system computerized?	Yes			Low	1	Refer to 4.1.
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes			Low	1	Refer to 4.1.
6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? *E.g. password access controls; regular data back-up.*	Yes			Low	1	Yes, the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	3					
Total number of risk points:	8					
Risk score	1					
Area risk rating	Low					

Subject area (Key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7. Procurement and Contract Administration						
7a. Procurement						
7.1 Does the IP have written procurement policies and procedures?	Yes			Low	1	The IP have and use procurement policies and procedures. These policies in place are sufficient and adequate.
7.2 Are exceptions to procurement procedures approved by management and documented?	Yes			Low	1	All exceptions to procurement procedures should be approved by Country Director.
7.3 Does the IP have a computerized procurement system with adequate access controls and seraction of duties between entering purchase orders, approval and receipting of goods? Provide a description of the procurement system.		No		Moderate	2	The procurement process is not computerized, and all the transaction and reports procedures are manually prepared. Refer to finding No. 5 (Section 3 "DETAILED INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS"
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.		No		Moderate	2	No procurement reports are generated or prepared by the procurement unit, instead, the procurement unit update the list of procurement regularly. Refer to finding No. 5 (Section 3 "DETAILED INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS"
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Low	1	the IP have a structured procurement unit with defined reporting lines.
7.6 Is the IP's procurement unit resourced with qualified staff who are trained and certified and considered experts in procurement and conversant with UN / World Bank / European Union procurement requirements in addition to the a IPs procurement rules and regulations?	Yes			Low	1	Refer to 7.5
7.7 Have any significant recommendations related to procurement made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?	Yes			Low	1	No significant recommendations related to procurement made by auditors in the prior audit reports.
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Low	1	The IP have a written and appropriate procurement policy.
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?		No		Moderate	2	No reference to ethical procurement principles in templates of contracts. Refer to finding No. 5 (Section 3 "DETAILED INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS"
7.10 Does the IP obtain sufficient approvals before signing a contract?	Yes			Low	1	Contracts are signed by country director.
7.11 Does the IP have and apply formal guidelines and procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?	Yes			Low	1	The IP have and applies formal guidelines and procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents.
7.12 Does the IP follow a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of procurement opportunities?	Yes			Low	1	The IP follows a well-defined process for sourcing suppliers with a formal procurement methods include wide broadcasting of procurement opportunities.
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.	Yes			Low	1	The IP have a pre qualified and approved suppliers list.
7.14 Does the IP follow a well-defined process to ensure a secure and transparent bid and evaluation process? If so, describe the process.	Yes			Low	1	As per the procurement policy, the IP follows a well-defined process to ensure a secure and transparent bid and evaluation process.
7.15 When a formal invitation to bid has been issued, does the IP award the contract on a pre-defined basis set out in the solicitation documentation taking into account technical responsiveness and price?	Yes			Low	1	The IP awards the contract on a pre-defined basis set out in the solicitation documentation taking into account technical responsiveness and prices.
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?			N/A	N/A	-	No major contracts were done by the IP.
7b. Contract Management - To be completed only for the IPs managing contracts as part of programme implementation. Otherwise select N/A for risk assessment						
7.17 Are there personnel specifically designated to manage contracts or monitor contract expirations?			N/A	N/A	-	Refer to 7.16
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?			N/A	N/A	-	Refer to 7.16
7.19 Does the IP have a policy on post-facto actions on contracts?			N/A	N/A	-	Refer to 7.16
7.20 How frequent do post-facto contract actions occur?			N/A	N/A	-	Refer to 7.16
Total number of questions in subject area:	20					
Total number of applicable questions in subject area:	20					
Total number of applicable key questions in subject area:	5					
Total number of risk points:	18					
Risk score	0.90					
Area risk rating	Low					

Totals

Total number of questions:	96
Total number of applicable questions:	81
Total number of applicable key questions:	35
Total number of risk points:	91
Total risk score	1.1234568
Overall risk rating	Low

IP MANAGEMENT RESPONSE

1) Implementing Partner (Ref 1.9 and 1.10):

"Every new employee joining the organization is provided detail orientation of all the CAF's policies and procedures including Anti-Fraud and Anti-Corruption policies and procedures, however specific orientations/workshops regarding the Anti-Fraud and Anti-Corruption policies and procedures are not conducted. We will consider your recommendations for our future improvement in this regard."

2) Organizational structure and staffing (Ref 3.6):

"As per CAF HR policies and procedures employees' reference check at least from 2 places where they have worked before is mandatory and available for almost every staff member. However, background check such as educational documents verification, criminal and blacklist checking is performed where mandatory as per the project contract through different websites not for each employee. Complete background checks involve extensive coordination with different ministries of government and authorities, which consume considerable resources and time. Subject to the availability resources we will consider your recommendations for our future improvements."

3) Accounting policies and procedures (Ref 4.14):

"Agreed, normally project stamps are provided from donors where it is mandatory to affix the specific project code on the related documents, however not used for every project. We will consider your recommendations for our future improvements."

4) Fixed Assets and Inventory (Ref 5.4):

"Agreed, Subject to the availability of funds and trusted insurer for insurance coverage of assets, we will consider your recommendation for our future improvements."

5) Procurement (Ref 7.3 and 7.9):

"Agreed, we use excel spread sheets program for maintaining and managing the procurement data base and processes. Subject to the availability of funds we will consider your recommendation for automated procurement system. Your recommendations for inclusion of ethical clauses in the procurement contract will also be considered for our future improvements."