

UNDP Micro Assessment

General Directorate of Administration for Nature Conservation and Protection (Ministry of Environment)

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London

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MICRO ASSESSMENT FINDINGS

1.1. 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 implementing partner'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 implementing partner.

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 implementing partner 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 at the locations and on the dates set out in Annex I.

Through discussion with management, observation and walk-through tests of transactions, we have assessed the implementing partner's 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 implementing partner prior to finalization of the report. The list of persons met and interviewed during the micro assessment is set out in Annex III.

Results

The results of our micro assessment are set out in section 1.2 below, and our detailed internal control findings and recommendations in section 1.3.



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1.2. SUMMARY OF RISK ASSESSMENT RESULTS

The table below summarizes the results and main internal control gaps found during application of the micro assessment questionnaire (in Annex III). Detailed findings and recommendations are set out in section 1.3 below.

Tested subject area	Risk assessment*	Comments
1. Implementing partner	Low	<p>The IP is the General Directorate of Administration for Nature Conservation and Protection (GDANCP) of the Ministry of Environment (MoE), operating under its current structure since 2015.</p> <p>The IP has been implementing projects funded by external donors for a number of years. The GDANCP has been involved in the implementation of UN projects but has never been a direct recipient of UN funding so far.</p> <p>Donors' funding is not channelled through the Ministry of Economy and Finance (MoEF). Funds are received on a bank account opened specifically for each project and directly managed by the IP.</p>
2. Programme management	Low	<p>Project Management Units demonstrate efficient projects management with preparation of detailed work plans and budgets.</p> <p>The IP has a Design and Monitoring framework under which monitoring and evaluation procedures are established and consistently followed.</p>
3. Organisational structure and staffing	Moderate	<p>The IP's level of staffing and competencies appear broadly satisfactory.</p> <p>Projects accounting records are solely maintained by the designated Project Accountants, not by the IP's Finance Office.</p> <p>The Project Accountants appear to have the ability to perform their book keeping and reporting duties.</p> <p>Some of the projects' staff may be permanent IP staff who are required to performed duties linked to their position in the project in addition to the ones under both their permanent employment with the IP.</p>
4. Accounting policies and procedures	Low	<p>The IP's accounting records are maintained in the Financial Management Information System managed by the MoE, based on government regulations.</p> <p>Project accounting records are kept separately from the IP's general accounting system and are not consolidated into the IP's annual financial statements.</p> <p>Controls and segregation of duties in respect of projects are sufficient and appropriately documented.</p>
5. Fixed assets and inventory	Low	<p>The IP's procedures and controls in respect of fixed assets are sufficient with Fixed Assets Registers maintained separately for each project and annual physical verifications undertaken and documented.</p> <p>There is no inventory system management in use given that inventories are made of low value office supplies only.</p>

6. Financial reporting and monitoring	Significant	<p>The IP's annual financial statements are subject to annual audits from the National Audit Authority. However, the donors' projects records are not captured in the IP's audited accounts</p> <p>Financial reports in respect of projects are prepared based on donors' requirements.</p>
7. Procurement	Low	<p>Government's procurement regulations, with appropriate thresholds, approvals requirements and standard competitive procurements procedures are enforced and applicable to projects.</p> <p>Procurement procedures followed by the IP are sufficient and consistent.</p> <p>Fraud, conflict of interest and anti-corruption procedures need to be reinforced.</p>
Overall risk assessment	Low	

* High, Significant, Moderate, Low

1.3. DETAILED INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

No.	Description of finding	Recommendation
1.	<p>Lack of projects' accountability</p> <p>Description</p> <p>Donors' projects' funding / expenditure are not accounted for as part of the Ministry's overall financial statements.</p> <p>Accounting records in respect of the projects are not maintained by the IP's Finance Office and are not inputted in the Financial Management Information System with the IP's financial data. Instead, projects' financial records are kept separately by the projects' teams.</p> <p>Given that the project financial records are not included in the IP's annual accounts, they are not subject to the annual audits of the National Audit Authority or spot check verifications performed by the Internal Audit Department.</p>	<p>Recommendation</p> <p>For increased accountability, the projects' financial records should be accounted for as part of the IP's overall financial statements and audited by the Audit Department.</p> <p>The Internal Audit department's scope of work should include externally funded projects.</p>
2.	<p>Inconsistency in accounting systems used across projects</p> <p>Description</p> <p>Projects' accounting records are not maintained in the IP's accounting system, i.e. Financial Management Information System.</p> <p>The accounting system used may vary for each project. Accounting records for smaller projects are usually maintained in Excel while financial data of larger projects would be recorded in a double entry accounting system such as QuickBooks or Peachtree, based on donors' preferences.</p> <p>The lack of consistency in the accounting system used across projects requires the project accounting staff to familiarise themselves with new systems for each new project, this increasing the risk of introducing errors to the accounting records.</p> <p>Also, the inconsistent projects' records management prevents standard procedures and format for projects reporting to be followed.</p>	<p>Recommendation</p> <p>The IP should ensure that the same accounting system is used consistently across all projects.</p> <p>Project staff should receive sufficient training on the designated accounting system.</p> <p>For future UN projects, the accounting software used for project accounting should be designed so that it facilitates the reporting to the donor. FACE forms should show the chart of account as per General Ledger.</p>

<p>3.</p>	<p>Inappropriate staffing of project teams</p>	
<p>Description</p> <p>A Project team is set up for each project. In most cases, the project team staff will be nominated from the Ministry's permanent government staff but employees may also be recruited under short-term contracts for smaller projects.</p> <p>Government staff who are nominated to work on a specific project may retain the duties associated with their permanent position in addition to their role in the project. As a result, those staff who cover two positions have a significant workload and may not be able to devote sufficient time to the project.</p>	<p>Recommendation</p> <p>Sufficient human resources should be allocated to projects so that activities are implemented as per the timeline set in the Annual Work Plans.</p> <p>Project staff should be able to devote sufficient time to the project to ensure satisfactory project results.</p> <p>The IP should consider recruiting additional staff to facilitate efficient project management.</p>	
<p>4.</p>	<p>Lack of anti-corruption / fraud policies</p>	
<p>Description</p> <p>There are no guidelines regarding fraud or corruption in the Financial Management Manual for all Externally Financed Projects/Programs in Cambodia 2012.</p> <p>The IP does not have an anti-corruption policy and formal procedures in place that guide employees and projects staff as to the steps to take and to whom to report if they suspect corruption, fraud, waste, or misuse of the resources or property.</p> <p>Also, procedures to assist in identifying, monitoring and dealing with potential conflicts of interest are insufficient. Only the members of the Evaluation Committees for large procurements are required to sign a declaration on Ethical Conduct and Fraud and Corruption, which covers conflicts of interests.</p>	<p>Recommendation</p> <p>Anti-corruption and fraud procedures should be developed to include a whistle-blowing mechanism that advises, encourages and protects employees who want to report suspected fraud, waste, or misuse of resources.</p> <p>A manual with the policies and mechanism in place to report suspicious activities should be made available to all staff.</p> <p>A declaration on Ethical Conduct and Fraud and Corruption should be signed by all staff.</p>	
<p>5.</p>	<p>Lack of formal of data back-ups</p>	
<p>Description</p> <p>There are no formal procedures in place for back up of projects data.</p> <p>There are currently no internal drive / shared servers available for staff to save documents so Dropbox is used to share documents.</p>	<p>Recommendation</p> <p>The IP should establish a formal policy for data back-up in order to ensure security over projects information.</p> <p>To enhance data security, the back-ups should be done regularly (on a weekly basis) and copies of back-up files should be securely stored off-site.</p>	

ANNEXES

ANNEX I: IMPLEMENTING PARTNER AND PROGRAMME INFORMATION

Implementing partner name:	Ministry of Environment – General Directorate of Administration for Nature Conservation and Protection
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	N/A
Implementing partner contact details (contact name, email address and telephone number)	Miss Ly Sophorn, Chief of DAPF of GDANCP Sophorn.ly@gmail.com
Main programmes implemented with the applicable UN agency/ies	N/A – No projects with UNICEF, UNDP or UNFPA
Key official in charge of the UN agency/ies' programme(s)	H.E. Chea Sam Ang, General Director GDANCP
Programme location(s)	Phnom Penh
Location of records related to the UN Agency/ies' programme(s)	IP offices, Phnom Penh
Currency of records maintained	US\$
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US\$)	N/A – No projects with UNICEF, UNDP or UNFPA
Cash transfer modality/ies used by the UN agency/ies to the implementing partner	N/A – No projects with UNICEF, UNDP or UNFPA
Intended start date of micro assessment	18-19 May 2017
Number of days to be spent for visit to implementing partner	2 days
Any special requests to be considered during the micro assessment	None

ANNEX II: LIST OF PERSONS MET

Name	Unit / organisation	Position
Miss Ly Sophorn	General Directorate of Administration for Nature Conservation and Protection (Ministry of Environment)	Chief of Admin and Finance (DAPF)
Mr Kim Nong	General Directorate of Administration for Nature Conservation and Protection (Ministry of Environment)	Deputy Director General
Mr Chum Sok Chea	General Directorate of Administration for Nature Conservation and Protection (Ministry of Environment)	Internal Audit

ANNEX III: MICRO ASSESSMENT QUESTIONNAIRE

Subject area <i>(key questions in bold)</i>	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	<p>The IP is the Department of Nature Conservation and Protection (DNCP), set up in 1998 as part of the Ministry of Environment (MoE), which was itself established in 1996.</p> <p>The DNCP was restructured in 2013 and 2015 and is currently divided in 5 offices, each headed by a Chief of Office:</p> <ul style="list-style-type: none"> - Planning statistics - Communication - Inventory - Admin and General Affairs - Finance and accountant
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.		No		Moderate	4	<p>The DNCP has been involved in UNDP projects through collaboration with other IPs however it has never been a direct implementing partner and recipient of funding to date.</p> <p>The main project implemented by the IP is with the Asian Development Bank (ADB) under a Grant Agreement (Strategic Climate Fund) dated 27/01/2011 for US\$19,000,000.</p> <p>At the moment, the IP is partner on a UN FAO project for the period Dec 2016 - July 2017 "Support to trial Cambodia's National Forest Inventory and test monitoring of demonstration activities". Total budget of US\$77.5K.</p> <p>The IP also participated in UNDP "Forest Carbon Partnership Facility REDD + Readiness Project" (FCPF) that started in 2011 and ended in March 2017, for a total budget was US\$164K. However, the DNCP was not the direct implementing partner and recipient of funds.</p> <p>Issues encountered when implementing activities for UN projects were essentially difficulties to meet the timeframe targets set per quarter.</p>

<p>1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?</p>	Yes			Low	1	<p>Since 2016, the IP is required to submit financial reports every semester. All the Departments of the MoE prepare their own accounts which are submitted to the General Department for Admin and Finance for consolidation and submission to the Ministry of Economy and Finance (MoEF). The MoEF submits annual accounts to the Parliament for all Ministries.</p> <p>On a monthly basis, management accounts are prepared but not submitted to the MoEF.</p>
<p>1.4 Does the governing body meet on a regular basis and perform oversight functions?</p>	Yes			Low	1	<p>At the Ministry level:</p> <ul style="list-style-type: none"> * Monthly Leadership Management meetings with Minister + General Director of each department * Monthly Technical meetings with 1 General Secretary responsible for Admin and Financial affairs, calling Admin and Finance of each Department <p>At the Department level:</p> <ul style="list-style-type: none"> * Monthly meetings headed by Deputy Director, attended by the Chief of Department. * Bi-monthly Finance meetings to discuss financial matters with the Chief of Offices. <p>For projects, Steering Committees are set up. One was set up for the last UNDP project.</p>
<p>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?</p>			N/A	N/A	-	<p>N/A No other offices / external parties are involved in UNICEF projects.</p>
<p>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.</p>	Yes			Low	1	<p>The risk of the IP not being a going concern is assessed as extremely low, as this would require either a political decision to re-organise the Ministry, or a sovereign default.</p>
<p>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?</p>	Yes			Low	1	<p>A new bank account is opened for each donor project. The same account is used for receipts and expenditure.</p>

1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? <i>If so, provide details and actions taken by the IP to resolve the legal action.</i>	No	Low	1	There are no ongoing legal actions / significant disputes with donors.
1.9 Does the IP have an anti-fraud and corruption policy?	No	Significant	3	Corruption policies for all governmental bodies are issued by the MoEF. However, there are no guidelines regarding fraud or corruption in the Financial Management Manual for all Externally Financed Projects/Programs in Cambodia 2012. Fraud should be reported at the Ministry level. However, there was no knowledge of any guidelines or document published at the IP level and none of the IP's staff interrogated during the assessment work was aware of any policies and procedures to follow to report fraud or corruption issues. Refer to internal control finding 4.
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	Significant	3	As detailed at 1.9, the IP staff are not aware of the fraud reporting procedures. Refer to internal control finding 4.
1.11 Does the IP have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. <i>Examples: foreign exchange risk; cash receipts.</i>	No	Low	1	No key financial or operational risks noted.
Total number of questions in subject area:	11			
Total number of applicable questions in subject area:	10			
Total number of applicable key questions in subject area:	4			
Total number of risk points:	17			
Risk score	1.70			
Area risk rating	Low			

Subject area (<i>key questions in bold</i>)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
2. Programme 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	For projects, Annual Work Plans (AWP) with timelines by activities, are prepared. There is no standard template used, the Work Plans are tailored to the specificities of the projects / donors' requirements. The AWP prepared for "Greater Mekong Sub region Biodiversity Conservation Corridors Project" was provided as an example. The AWP was prepared by Activity, Output (deliverables) by month with detailed budget.
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 AWP's include a detailed budget for each activity and timeline (month when the activity should be completed) so results and completion can be monitored.
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Moderate	2	Risks linked to the programs delivery are not formally identified and documented (i.e. there is no risk matrix prepared). However, for each project, a 'concept note' is prepared, summarising background and regional issues before submission of proposals. Also, as part of the projects' Design and Monitoring framework, risks are identified and taken into account for each assumptions made when setting up performance targets / indicators.
2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?	Yes			Moderate	2	The IP has a Design and Monitoring framework for most projects. While there are no standard templates used for the monitoring and evaluation (i.e. different templates are used for different projects), procedures are established and consistently followed. Progress reports are submitted to donors based on the frequency required by the donors.

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	The current M&E framework provides indicators to monitor the progress of the implementation for each milestone of the projects implemented. Example of M&E for an ADB project was obtained, with design summary / performance targets & indicators / assumptions and risks. Target indicators set up for this project included: - Output "1. Institutions and communities strengthened for biodiversity corridor management": * By 2012, zoning of 700,000 ha of Biodiversity Corridor * At least 30% of members of each CF and CPA committee are women
2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Moderate	4	Site visits are undertaken by the Project Manager, who is accompanied by a Government Officer. A report is written after each visit for submission to the Minister. More technical reports are submitted to the General Director. There is no set frequency for the visits, it would depend on the specificities of the activities implemented. Also, 6 months review + annual meetings are set up to monitor progress on activities implementation.
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Low	1	Monthly actions reports are prepared for each project output to monitor progress . An example of a monthly report for January 2017 for the ADB project was provided.
2.8 Is it evident that the IP followed up on independent evaluation recommendations?			N/A	N/A	-	N/A - There have been no independent evaluations on the projects implemented. This is not considered a significant risk given projects results are closely monitored by the donors.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	7					
Total number of applicable key questions in subject area:	2					
Total number of risk points:	12					
Risk score	1.71					
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			Moderate	4	<p>The IP staff are subject to the governmental personnel policies, set out by the Ministry of Civil Service (MSC), which apply to all the Ministries.</p> <p>Across all Ministries, an annual cycle is followed to recruit new government officials. Each Ministry will make a proposal to the Ministry of Civil Services (MCS) for the upcoming year for new positions. The MSC and MoEF will review the proposal. The MoEF will approve. The MSC will issue a memo confirming the number of staff that can be recruited.</p> <p>The selection process is then done at the Ministry level based on quotas issued by the MSC. The Human Resources department of the Ministry coordinates the recruitment by setting up a Committee, which will prepare the examination test + interviews. Approval of the staff appointed is given by the Minister + submitted to the MSC for final approval. The MSC issues a final declaration. Documentation in respect of the procedures followed for selection of civil servants for the MoE for 2016 was provided.</p> <p>For projects, whether project staff are government employees or not depends on whether the agreement with the donor is a MoU or a LoA. Under MoUs, project staff are normally permanent government staff but it can happen that employees may be recruited under short-term contracts for smaller projects. For each project, the Project Director or Steering Committee would recruit contract staff. In any case, all staff still need to be nominated by the Minister. A Committee made of the Project Manager + Procurement + Finance + Admin + sometimes the donor is responsible for shortlisting of CVs, interviews and selection of 1 candidate put forward for approval of the Project Director.</p>

						For projects, the usual procedure is that the Department by which the project will be implemented will first announce the project position internally. The IP's permanent staff can apply to take up the position. If no staff can be found internally, external recruitment may be considered with a Procurement specialist writing up ToRs and advertisement in newspaper and website (jobs website). It can also happen that the Ministry can also assign existing staff to a project position. For short term projects, the decision making is by General Director. For longer-term projects, the Minister's approval is required.
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	1	Government staff do not have contracts, only a letter of appointment is issued. All staff are subject to a 1 year probation period before becoming full government staff. All staff have a job description, prepared at the Department level.
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.		No		Significant	6	The IP's Deputy General Director, who has been working at the IP for years, supervises project implementation. The IP's Finance and Admin Office is made of around 20 staff. However, the IP's Finance Office is not involved in the financial management of projects. For each project, a Project Accountant is designated amongst the project team and handles the project financial reporting. We were therefore not able to identify the main finance staff as those would change for each project. The same applied to Programme staff who would change from one project to another. The Project Director is assigned by the Director General of the relevant technical department. It was noted that when IP's existing permanent staff are assigned to a project, the employee would still perform their standard duties under their 'permanent' position for the Ministry and would in addition work on the project. As a result, the work overload can be high and project Finance / Programme staff may not be able to allocate sufficient time on the project. For example, the Project Accountant on the ADB project was the IP's Admin staff. She is still handling the admin duties as before in addition to her role of Project Accountant. Refer to internal control finding 3.

<p>3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?</p>	Yes			Significant	6	<p>Projects financial records are maintained at the project level by the Project Accountant, not by the Finance department. See 3.4 for issues in respect of staff occupying more than one position within the Ministry. Refer to internal control finding 3.</p>
<p>3.5 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?</p>	Yes			Moderate	2	<p>A training budget is determined for the upcoming year with individual budgets allocated to various trainings. The budgets do not specify which staff will attend the trainings, each Department will nominate their staff.</p> <p>The IP staff have recently attended Management training + Administrative training + Finance training. The Financial Accountant has attended ADB Finance training.</p> <p>Long-term training (> 10 days) is managed by HR. For technical training, HR collaborates with the relevant technical department.</p> <p>Annual performance reviews are standardised for all public service staff and are to be conducted by each Ministry. Performance reviews are done at the Department level and submitted to the General Director.</p>
<p>3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?</p>	Yes			Low	1	<p>Background verifications are performed for all public service staff.</p>
<p>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?</p>		No		Low	1	<p>Staff turnover (programme / finance staff) has not been an issue during the past years.</p>
<p>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.</p>	Yes			Low	1	<p>Similar to all Ministries in Cambodia, the IP is guided by the Finance Laws established by the MoEF. This internal control framework sets out the processed for expenditure control, defines authorities for expenditure and delegation and details the accounting and processing controls over commitments and expenditure of public funds. All accountable officers are to be familiar and comply with the Finance Laws.</p>

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:	22
Risk score	2.75
Area risk rating	Moderate

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			Significant	6	<p>The Financial Management Information System (FMIS) is the accounting system used to maintain financial records of all Ministries. The FMIS is set up and managed by the MoEF. At the moment, the other Ministries do not have access to FMIS. Procedures should change in 2018 when FMIS will be accessible and managed at the various Ministry level.</p> <p>Note that FMIS is currently used solely for financial records falling under the Government's budget, it is not used for donors' projects financial management. Even after 2018, this should remain unchanged. For small donors' projects with limited number of transactions, expenditure records are usually maintained on Excel (this was the case for the latest UNDP project in which the IP was involved). For larger projects, accounting software such as QuickBooks or Peachtree are used. There is no consistency in the accounting systems used across projects. The system used would also depends on whether the donor has a preference.</p> <p>For UNDP, a proper accounting software should be used as requested by the donor.</p> <p>Refer to internal control finding 2.</p>
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	<p>Each project has separate project records. On each disbursement voucher, for projects for which records are kept on a double entry system (i.e. not on Excel), a GL account number on which costs will be posted is indicated. Costs are project specific and split between donors / projects not applicable. Staff costs are not charged to projects so there is no split of salaries across projects required.</p>
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	Yes			Low	1	<p>Documentation is kept by the project team during the project implementation. After the project ends, the Project Accountant should retain all documents for 10 years.</p> <p>Filing is sufficiently organised. Documents are filed separately for each project. 1 file is set up for each month. Each document has a reference, which is showing on the GL (transaction reference).</p>

4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	Yes			Low	1	A cashbook (no income received, for expenditure only) is maintained manually on Excel. It is approved by the Department Director + General Director and sent monthly to the MoEF for input in the system.
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	<p>Segregation of duties is sufficient.</p> <p>Purchase requests can be written up by any project staff (implementing staff) and are approved by the Project Director. Recording of the transactions is done by the Project Accountant upon receipt of an approved Disbursement Voucher. The Project Accountant process the payment and issue the cheque.</p> <p>Disbursement Vouchers are prepared by the Project Accountant or Cashier and approved by the Project Director. Same procedures for preparation and approval of Requests for Payments.</p>
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	Yes			Low	1	As detailed at 4.5, ordering is done by project staff, accounting is done by the Project Accountant with sufficient approval by the Project Director. Goods are received directly by the project team.
4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?	Yes			Low	1	The Project Accountant prepares the bank reconciliation, which is approved by the Project Director.

4c. Budgeting system

<p>4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?</p>	<p>Yes</p>			<p>Moderate</p>	<p>4</p>	<p>At the Ministry level, all Departments prepare their respective budget which are then consolidated into the Ministry's annual budget.</p> <p>Section 4.2 of the Financial Management specifies that projects budgets should be integrated in the implementing Ministry's Budget Strategic Plan (3 years forecast) and annual plan. However, based on the discussion with the IP's Finance staff we understand that the Ministry's annual budget doesn't currently include donors projects.</p> <p>The MoEF inputs the IP's budget in the system based on the approved annual budget plan. An authorised budget is set up for each GL account in the system. Once the budget available has been used, transactions can no longer be posted on that GL account.</p> <p>Budget for projects are prepared in sufficient details as part of the Annual Work Plans. See 2.1 for details.</p>
<p>4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?</p>	<p>Yes</p>			<p>Moderate</p>	<p>4</p>	<p>For expenditure falling under the Ministry's annual budget, actual expenditure vs. budget is monitored by the MoEF.</p> <p>For donors projects, comparison of budget vs actuals is usually done every quarter by the Project Accountant. Comparison is done at the activity / output level as per project agreement.</p>
<p>4.10 Is prior approval sought for budget amendments in a timely way?</p>	<p>Yes</p>			<p>Low</p>	<p>1</p>	<p>For projects for which a MoU (grant agreement) is signed between the donor and the MoEF, budget amendments require approval by the Project Director, the Minister and the MoEF.</p> <p>For smaller donors projects for which the agreement is directly between the IP and the donor, budget amendments require solely the project Director and donor's approval.</p>

4.11 Are IP budgets approved formally at an appropriate level?	Yes			Low	1	<p>The Ministry's annual budget is approved by the Minister, forwarded to the MoEF for approval before submission to the Parliament.</p> <p>For projects, approval requirements depend on the size of the project. AWP's are prepared by activities by programme staff, approved by the Project Director and General Director for submission to the MoEF (when applicable for loans / grants) and the donor.</p>
4d. Payments						
4.12 Do invoice processing procedures provide for: <ul style="list-style-type: none"> · 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	Purchase Request + invoice + Disbursement Voucher + Payment Voucher are all matched and filed together under the responsibilities of the Project Accountant.
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	Yes			Low	1	Payments under US\$50,000 are authorised by the Project Director. For amounts higher than US\$50,000, approval from the Minister is required and a request for direct payment to the vendor is made to the donor.
4.14 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?	Yes			Moderate	4	All invoices are stamped "PAID" by the Project Accountant. There is no project code marked but this is not considered an issue given that the Project Accountant handles documents specific to one project only and records are kept separately across projects.
4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	Yes			Low	1	Payroll is prepared by the Ministry's General Department of Admin and Finance (GDAF). An attendance list is kept by each Department and submitted to HR who update attendance records and forward to the GDAF for salaries calculations.
4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?	Yes			Moderate	4	<p>All staff working on projects are government employees whom salaries are not recharged to projects. Allocation of time to projects is therefore not applicable.</p> <p>For temporary contract staff, attendance is monitored via completion of individual timesheets. For permanent staff, an attendance list is signed everyday in each Department.</p>

<p>4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?</p>	Yes			Low	1	<p>Payments for travel expenses or DSAs are made separately from the monthly payroll. Small amounts up to US\$500 are paid by petty cash.</p> <p>A Travel Authorisation form is completed with attached receipts and submitted to the Project Director for approval. Similarly to other transactions, a Disbursement Voucher is prepared by the Project Accountant and approved by the Project Director for processing of the payment.</p>
<p>4e. Policies and procedures</p>						
<p>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?</p>	Yes			Low	1	<p>The IP operates under cash accounting.</p> <p>Project accounting records maintained by the Project Accountant (either manually on Excel or on a double entry system, depending on the project) are updated only once payments are processed.</p>
<p>4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?</p>	Yes			Low	1	<p>Financial Laws are issued by the MoEF and updated every year. Separate guidelines are issued for travel expenditure etc.</p> <p>For donors' projects, the Financial Management Manual for Externally Finance Projects Programs in Cambodia (updated 2012) issued by the MoEF provide guidelines.</p>
<p>4f. Cash and bank</p>						
<p>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?</p>	Yes	Yes		Moderate	4	<p>All bank accounts have 2 authorised signatories of which 1 authorised signature is required on cheques issued. This is standard Ministry procedure.</p> <p>For projects, usually the signatories are the Project Director and the Project Manager. For the ADB project, the Project Director + 1 other person assigned by the Minister are signatories.</p>
<p>4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?</p>	Yes			Low	1	<p>A cashbook is maintained by the Project Accountant recording cash receipts from donors based on Receiving Vouchers and purchases transactions based on Bank Payment Vouchers. The cashbook shows balance of funds available.</p> <p>In addition, a petty cash book is maintained. Petty Cash Payment Vouchers (PCPV) are issued for all payments under US\$500 and recorded in the petty cash book. There is no income received in cash by the IP.</p>

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	-	N/A
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 Project Accountant reconciled the project to bank statements monthly.
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?		No		Low	1	No cash transactions, except petty cash purchases of value below US\$500. All payments are made by cheques or bank transfers.
4.25 Does the IP carry out a regular petty cash reconciliation?	Yes			Low	1	A petty cash balance of US\$1,000 is used for each project. The petty cash is reconciled monthly by the Project Accountant who completes a Cash Count Sheet. The reconciliation is approved by Project Director.
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	Cheques and petty cash are kept in a safe box kept by the Cashier or Admin staff (it depends on the project).
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?	Yes			Moderate	2	No payments are made via online banking. Bank transfers are done directly at the bank. For projects, usually the signatories are the Project Director and the Project Manager. For the ADB project, the Project Director + 1 other person assigned by the Minister are signatories.
4g. Other offices or entities						
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	-	N/A
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	An IA Department performs audit verifications on all of the Ministry's departments. The IA Department reports directly to the Minister, with copies of reports submitted to the National Audit Authority and to the General Directorate of the MoEF IA Department.

4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?	Yes		Low	1	The IA Department is headed by a Chief Officer and employs around 20 persons. The staff have sufficient experience to fulfil their duties and training is provided to ensure appropriate skills. All of the IA Department's staff have attended the workshops and trainings organised by the General Directorate of the MoEF IA Department.
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?	No		Significant	3	At the moment, the scope of the verifications undertaken by IA does not include donors' projects. However, plans are currently being made so that the IA Department work covers donors' projects in the future. Refer to internal control finding 1.
4.32 Does the IP act on the internal auditor's recommendations?		N/A	N/A	-	The IA Department has so far only performed work at the sub national level (i.e. Departments located in Provinces). There have been no IA verifications done for the IP and other General Directorates at the central level yet, those will start late 2017. As such, no IA reports and evidence of recommendations / plans of actions and subsequent follow up could be provided.
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:	52				
Risk score	1.79				
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	All assets (office equipment) have a unique identification number and are labelled. Government assets are listed by each Department (inventory list). A central assets register is kept based on the MoEF guidelines. For projects, a Fixed Assets Register (FAR) is kept for each project manually on Excel by the Project Accountant / Admin staff (depends on the project). The FAR provides details of assets code + location + name + cost.
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Moderate	2	Projects FARs are updated on an ongoing basis, upon purchases of new assets. Projects assets are fully expensed during the year of purchase, i.e. no amortisation charge in subsequent years. As such, there are no control accounts in the system / project records.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Low	1	Physical verifications are done annually. Procurement staff / Admin officers / and Accountant can perform the count. Examples of verifications count sheets for the ADB project were obtained. Count sheets were signed by the staff performing the count (Project Admin & Admin / Cashier). All the counts sheets were combined in a summary and signed by the Project Director. Counts were done in the provinces as well.
5.4 Are fixed assets and inventory adequately covered by insurance policies?	Yes			Moderate	2	Government assets are covered according to government policies. Motor Vehicles are insured. Other office equipment of lower value are not insured.
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?			N/A	N/A	-	N/A - The IP does hold any inventory other than low value office supplies. No warehouse facilities required.

5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?			N/A	N/A	-	N/A - The IP does hold any inventory.
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?			N/A	N/A	-	N/A - The IP does hold any inventory.
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?			N/A	N/A	-	N/A - The IP does hold any inventory.
5.9 Are regular physical counts of inventory carried out?			N/A	N/A	-	N/A - The IP does hold any inventory.
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:	6					
Risk score	1.50					
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			Moderate	2	The IP should prepare financial reports every semester for submission to the MoEF. The frequency of the submission of financial reports to donors depends on the donors' requirements. Liquidation reports may be submitted at a set frequency (e.g. every quarter) or when funds are fully disbursed. The IP has never prepared / submitted any FACE forms given that no projects have been directly implemented for the UN.
6.2 Does the IP prepare overall financial statements?	Yes			Significant	3	There are no overall financial statements prepared. Donors' projects accounting records are not recorded in the Ministry's annual accounts. Refer to internal control finding 1.
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			Significant	6	The Ministry's annual financial statements, which do not include projects financial records, are audited by the National Audit Authority. Projects accounts are solely audited by external auditors upon donors' requests. Refer to internal control finding 1.
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 three years?		No		Moderate	4	The Ministry's audit reports issued by the National Audit Authority do not cover projects. Also, the audit for the year 2016 has not yet been completed and audit reports for prior years were not available. Projects are solely subject to external audits requested by donors. The below sample of audit reports were provided for review: * Audit report from KPMG for year ended 31/12/15 - Protect Greater Mekong Sub region Biodiversity Conservation Corridors Project (ADB Grant 0241 - CAM). No major issues noted. * Audit report from KPMG for year ended 31/12/08 + Jan-Mar 2009 - Tonle Sap Environmental Management Project (ADB Loan 1939). Four issues were raised in the management letter regarding approval from donor before using funds, per diems, budget control and closure of the project.

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	Moderate	2	Based on information provided by the IP, there were no significant recommendations made during the last 5 years however note that it could not be verified as only a sample of 2 audit reports were not provided (see 6.4) for details.
6.6 Is the financial management system computerized?	Yes		Significant	6	<p>The IP's financial records are maintained in the FMIS system by the MoEF.</p> <p>For projects, the accounting software Peachtree or QuickBooks are used. So far there has not been consistency of the software used, it depended on the donors' requirements. However, going forward Peachtree is the preferred option.</p> <p>Refer to internal control finding 2.</p>
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes		Significant	3	<p>Reports submitted to donors are prepared manually, based on the project records either maintained via an accounting software or on Excel. There are no standard procedures for preparation of the financial reports given the inconsistency in the project financial records management (see 6.6).</p> <p>For future UN projects, the accounting software used for project accounting will need to be designed so that it facilitates the reporting to donor based on the format of the budget. FACE forms would show the chart of account as per GL.</p> <p>Refer to internal control finding 2.</p>
6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? <i>E.g. password access controls; regular data back-up.</i>	Yes		Significant	3	<p>The IP does not have an IT Department. In case of IT issues, an outside IT services provider is called.</p> <p>All of the IP's computers are access restricted (username + password).</p> <p>The IP's financial data maintained in FMIS is only accessible by the MoEF. For projects, only the Project Accountants have access to the accounting system used.</p> <p>There are no formal procedures in place for back up. There are no internal drive / shared servers for staff to save documents so Dropbox is used to share documents.</p> <p>Refer to internal control finding 5.</p>

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:	29
Risk score	3.63
Area risk rating	Significant

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	<p>The IP follows governmental procurement policies established in the Procurement Manual for all Externally Financed Projects / Programs in Cambodia issued by the MoEF (updated version dated May 2012). For purchases of value higher than US\$500, 3 quotations should be obtained. Transactions of US\$25,000 or more require open-tender. The IP only makes a limited number of large purchases. For projects, the large procurements usually relate to service contracts with consultants.</p> <p>For donors' projects specifically funded via Grants and Loans, another manual (Standards of Procedures) also issued by the MoEF provides guidelines.</p> <p>For donors' projects, the lowest thresholds between donors' regulations and national procurement policies prevail.</p>
7.2 Are exceptions to procurement procedures approved by management and documented ?	Yes			Low	1	<p>For expenditure under the government annual budget, the IP is required to write a letter to the MoEF with formal justification of the exception for approval.</p> <p>For projects, exceptions to procurement procedures must be approved by the Project Director and the donor.</p> <p>Grant and Loan Agreement projects - justification via MoEF</p>
7.3 Does the IP have a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods? Provide a description of the procurement system.			N/A	N/A	-	<p>There is no computerized procurement system however given the limited number of high value purchases this is not considered a significant risk. Purchases Vouchers are raised manually for all transactions.</p>
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.			N/A	N/A	-	<p>Procurement reports are not generated as the volume of procured transactions is low. However, it is possible to identify from the financial reports any purchases that are greater than US\$500, which would therefore require three quotations.</p>

7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Moderate	2	<p>All procurement is done at the Ministry level, the MoEF is only involved at the final stage for approval.</p> <p>The Procurement team of the General Department is responsible for the Ministry's procurements. For purchases of goods, procurement are completed rapidly however procurement of services (usually of higher value e.g. consultants) usually take longer.</p> <p>Procurement for projects is handled at the project level with at least designated Procurement Officer as part of the project team. One of the General Department's Procurement team staff is required to be member of the evaluation Committee for larger projects purchases.</p>
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 IP's procurement rules and regulations?	Yes			Moderate	2	<p>The Procurement team of the General Department is made of 5 persons.</p> <p>For purchases in respect of projects, the majority of purchases are of low value. The designated Procurement staff should have the requisite knowledge of the donor's requirements based on experience. While the IP has never been a direct recipient of UNDP funding, staff are familiar with UN procurement procedures given the IP has been involved in the implementation of activities on UN projects.</p>
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?		No		Moderate	2	<p>Based on the information provided by the IP, there were no significant recommendations made during the last 5 years related to procurement however note that it could not be verified as copies of audit reports / management letters in respect of the audits performed by the National Audit Authority were not provided.</p> <p>Copies of audit reports issued by KPMG in respect of 2 projects were obtained - see 6.4 for details - no issues in respect of procurement noted.</p>

<p>7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?</p>	Yes		Moderate	4	<p>All procurement procedures are performed at the Ministry level, the MoEF only provides approval once the vendor selection made (i.e. before processing with the purchase). Only for purchases of value higher than US\$125,000 (500,000,000KR), approval from the MoEF is required before the start of the procurement.</p> <p>For expenditure falling under the IP's annual budget, purchases vouchers are not systematically issued if the purchases were budgeted for. Purchases requests are issued for all equipment purchases, notwithstanding the value.</p> <p>All projects purchases requests of any value are approved by Project Director.</p>
<p>7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?</p>		No	Significant	3	<p>Procedures and ethical principles, applicable to all ministries in Cambodia, are set out in the Finance Management Manual. However, the IP does not have any specific procedures implemented to ensure ethical procurement.</p> <p>Refer to internal control finding 4.</p>
<p>7.10 Does the IP obtain sufficient approvals before signing a contract?</p>	Yes		Low	1	<p>All contracts entered into for projects are approved and signed by the Project Director.</p>
<p>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?</p>		No	Significant	3	<p>Procedures and ethical principles, applicable to all ministries in Cambodia, are set out in the Finance Management manual.</p> <p>However, there are no formal guidelines or procedures in place to identify potential conflict of interests for purchases of lower value. There are no conflict of interests declarations signed by any member of staff at the IP / projects staff. Only for larger purchases, members of the Evaluation Committee sign a declaration on Ethical Conduct and Fraud and Corruption, which covers conflicts of interests (this was verified during the Procurement walkthrough test).</p> <p>Refer to internal control finding 4.</p>

<p>7.12 Does the IP follow a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of procurement opportunities?</p>	Yes			Low	1	<p>For purchases of higher value (> US\$25,000), suppliers are sourced through advertisements (newspapers, TV, radio etc.) and knowledge of local markets. Procurement requirements are based on the following thresholds:</p> <ul style="list-style-type: none"> - US\$25,000-100,000: Shopping with Advertising - US\$100,000-300,000: National Competitive Bidding - US\$300,000 and above: International Competitive Bidding <p>For purchases of lower value between US\$500-US\$25,000, 3 quotations are obtained (Shopping without Advertising). A selection form formally justifying the supplier selection is prepared.</p>
<p>7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.</p>		No		Moderate	2	<p>The IP does not maintain a list of suppliers. However, the number of suppliers in Cambodia is rather limited (essentially located in the capital) and trusted suppliers are well-known based on past services.</p>
<p>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.</p>	Yes			Low	1	<p>The evaluation process is well-defined, Procurement Review Committees should be set up based on the following thresholds:</p> <ul style="list-style-type: none"> * Minor Procurement Committee: Project Manager (Chair) + Project Technical Officer + MoEF representative - applicable to procurement of goods / consulting services <US\$50,000 and works <US\$100,000 * General Procurement Committee: Project Director (Chair) + Project Manager + Executive Agency (EA) Representative + MoEF Representative x 2 - applicable to procurement of goods / consulting services US\$50,000 -US\$1,000,000 and works US\$100,000-US\$3,000,000 * Major Procurement Committee: Head of EA (Chair) + Representative appointed by EA + MoEF Representative x 2 - applicable to procurement of goods / consulting services > US\$1,000,000 and works >US\$3,000,000
<p>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?</p>	Yes			Low	1	<p>For transactions requiring competitive bidding, the conditions are clearly set out at the solicitation phase with the publication of detailed Terms of Reference. Offers received are evaluated for compliance before cost evaluation.</p>

7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?	Yes			Moderate	2	<p>The IP's Director General (who is also the Head of the Procurement team) signs the contracts with vendors.</p> <p>The IP does not have formal policies on contract management however the number of major contracts is limited. For donors projects, contract management procedures are more formalised based on the donors requirements and activities.</p>
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?	Yes			Low	1	<p>A contract register is maintained for each contract showing details of contractual amount, start and completion dates and all payments made to the vendor. The register is prepared by the Project Accountant and approved by Project Director.</p> <p>Example of the contract register with Lao Consulting Group Ltd was obtained (contract date 29 June 2012, 20th payment made on 17/03/17).</p>
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?	Yes			Low	1	See 7.17.
7.19 Does the IP have a policy on post-facto actions on contracts?		No		Moderate	2	The IP has no formal policy on post-facto actions on contracts. However, resolution of any issues arising would be under the responsibility of the Project Director.
7.20 How frequent do post-facto contract actions occur?			N/A	N/A	-	N/A No post-facto contract actions have occurred recently.
Total number of questions in subject area:	20					
Total number of applicable questions in subject area:	17					
Total number of applicable key questions in subject area:	5					
Total number of risk points:	30					
Risk score	1.76					
Area risk rating	Low					

Totals

Total number of questions:	96
Total number of applicable questions:	83
Total number of applicable key questions:	35
Total number of risk points:	168
Total risk score	2.02
Overall risk rating	Low